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In what state is the giant of South America after 14 years of military rule? How has it emerged from the worldwide economic recession? This Special Report examines these questions at a time of heightened British interest in that country, marked by an official visit (March 8-16) by the Prince of Wales

BRAZIL

Secure enough to allow a dose of liberalism

by Andrew Tarnowski

After 14 years of military rule 1978 is a year of transition for Brazil. Talk of liberalization is in the air, and there are even calls for a sweeping political amnesty. Amid mild public expectations and preparations for congressional elections, President Geisel is preparing to hand over, a year from now, to his chosen successor General Joao Baptista Figueiredo, who will be the fifth military President since 1964.

The atmosphere of expectancy is nurtured by an intelligent and powerful press largely freed from censorship by President Geisel. If liberalization is likely to be more apparent than real, this is chiefly because the Government is firmly in control and clear about its priorities: "order and progress" on the national flag.

The man most responsible for expectations of change is President Geisel. A cautious politician, he has been his declared intention since taking over in 1974 from General Emílio Garrastazu Médici, whose rule brought great economic growth but drastic repression of student and widespread dissent, and destruction of powerful urban guerrillas by means of a hurriedly erected and draconian state apparatus.

The impoverished majority of Brazil's 113 million people are apparently unconcerned with President Geisel's efforts to moderate the repressive apparatus and edge political life more into line with economic and social progress. It is unlikely that elite groups like the press, lawyers, students, businessmen, parts of the Church hierarchy, and opposition politicians are powerful enough to push the President further than he intends, despite the noise they are now making freely.

It is, however, believed that the President will go some way to satisfying demands in order to regain waning middle class support.

If the path to liberalization since 1974 has been slow and contradictory, this is partly because President Geisel believes in stable government, and "relative

democracy" relative, that is, in Brazil's economic and social progress.

He believes political stability can be achieved only in a developing country if political development conforms to economic, social, educational and cultural development.

In a vast emerging nation of violent contrasts, where many agricultural workers still live under semi-feudal conditions, where 68.4 per cent of the people earn less than \$116 a month while young business executives may earn \$75,000 a year, and in a nation where only 30 per cent of the population uses toothpaste, a man like President Geisel is unlikely to sympathize with politicians who say Brazil is ripe for European-style democracy.

Ever-present in the military mind is the chaos under apparent democracy before 1964, and the violence after 1968 when Silva introduced a model democratic constitution which he was unable to rule by.

Government spokesmen say the 1968 troubles demonstrated "the failure of premature political opening which caused insecurity and brought Brazil to a state of a repressive apparatus which had largely served its purpose."

Government spokesmen partly blame the 1973-74 oil crisis for the failure to introduce liberalization premises until now.

A big oil import bill unleashed inflation and forced revision of economic and social priorities. "If President Geisel had dismantled the Government's exceptional powers at the beginning of his rule, he would have lacked the conditions to combat the oil crisis," a spokesman said.

"To fight inflation, you need measures to stop some damaging deputy from stirring up opposition in Congress. A bit more authority and a bit less democracy is

needed. Everyone is against inflation, but nobody wants to suffer from severe policies."

Today, government officials say "it is possible to make political advances because the social and economic conditions have improved. That is why President Geisel has announced that the exceptional (repressive) measures will be removed."

However, another shock early in the Geisel administration will ensure that the advances are slight. In 1974 he guaranteed relatively free elections, and the opposition MDB (Brazilian Democratic Movement) won the senatorial race in 16 of the 22 states.

It was a clear indication that the country was tired of the lack of democracy, an observer said.

The President pressed ahead in 1975, lifting censorship on most of the press and has cracked down on excesses by the security forces. But the electoral buff shook the regime. Had the trend continued, the opposition would probably have won control of Congress in this year's elections.

The Government's eventual reaction showed a basic decision not to lose control. In 1977, when the MDB obtained 100 seats in Congress, President Geisel acted. Using special powers under the notorious Institutional Act Five (AI-5) of 1968, he froze Congress and rewrote Brazil's electoral and congressional rulebook.

The package of April (April Package) as it is called, decreed that state governors and 23 senators elected for renewal this year will no longer be directly elected but chosen by government-controlled electoral colleges. This ensures full government control in the two areas where the MDB was threatening the status quo.

Elections to the 420-seat Chamber of Deputies and the state legislative assemblies, where the MDB is not yet a threat, remain direct. But here, too, the opposition's "reth" have been drawn by a ban on radio and television election campaigning, imposed after an MDB leader bitterly criticized the Government on television last July.

This is a frightful retrogression which the Govern-

ment has imposed because it has no confidence in the people," according to Senator Franco Montoro, MDB leader.

Politically, 1977 was one of the saddest years in our history.

Within this framework of tightened control President Geisel is preparing his liberalization package. Not unmoved by the uproar over the *pequena de Abril*, which brought a new constitution and a broadened range of demands for political amnesty, he has tried to regain ground by consulting lawyers, businessmen and other critical elite groups in the proposed reforms.

Simultaneously, his chosen successor General Figueiredo, who is chief of state intelligence and will be adopted by the government Arena Party in April, co-opted by Congress in October and will take over in March 1978, has been attempting to establish moderate democratic credentials with hints dropped indirectly to the press.

The big questions in Brazil today are about President Geisel's reform package and General Figueiredo's democratic intentions.

President Geisel's reform package will abolish AI-5 but introduce constitutional safeguards for national security. Four or five new political parties may be permitted, perhaps even a socialist party. Habeas corpus will be restored for political offenders, and censorship will be fully abolished.

A general amnesty is unlikely, but there may be piecemeal revisions of "revolutionary" punishments decreed for hundreds of thousands of political opponents since 1964.

Abolition of AI-5 will be a major event, although the new safeguards will probably mean that what the Government today does arbitrarily, it will in future do through controlled institutions.

AI-5 empowers the President to suspend Congress, state legislatures and municipal assemblies, replace congressmen, senators and public officials including military officers, suspend political rights for 10 years, confiscate goods and suspend habeas corpus.

President Geisel, in fact, will cautiously modify the repressive apparatus, while writing security into the constitution. He is opening channels of opinion while tightening control over the political machinery.

In effect, however, he is institutionalizing the regime, subtly edging the military away from direct involvement in the political process. The difficulties of even this modest endeavour have been illustrated by the attempted revolt of the hardline Army Minister, General Siqueira, and by the civilian candidacy to the presidency of Senator José de Magalhães Pinto, representing a more open line among government supporters.

But the senator is expected to have no more success than General Figueiredo met last year when he was abruptly dismissed by the President.

Despite Brazil's economic growth, which is the envy of Latin America, critics like Senator Montoro point to a long decline in workers' living power, to piecemeal development and "phantom" prefects which have proved costly failures to excessive business profits, pegeed wages and inadequate social projects.

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Heir apparent remains a stranger

Rocha

will need to show José Baptista de Figueiredo round the presidential palace when he takes office on March 15.

eight years there, his military adviser, General Garibaldi, and now as head of national intelligence, SNL, under General Geisel, he has as yet round the of power more

his spacious office on the fourth floor, General Geisel can see over the shoulders of his son-in-law, General Figueiredo, who is the son of the late General Figueiredo, a cavalry officer, the fifth president since 1964.

and the president's son-in-law, General Figueiredo, but he is a stranger to Brazil's opinion poll taken in São Paulo just after General Geisel's death.

and his choice as a candidate in January 1977, he was, despite his biographical details which his supporters are flooding the press with before hand.

ograpies revealed a family background. With his father and imprisoned for a constitutionalist in São Paulo and turned to the Varzim, the young man knew hardship.

years his father's death, and clean shirts, striped military rank, newspapers with soner Luis Carlos founding father of Brazilian Communism.

and reinstated in Euclydes Figueiredo, on to become a Democratic Union congressman when turned to a demagogue after the Varzim.

five Figueiredo also followed army and became general. Figueiredo was groomed as

One is a dentist and one, the ebullient Guilherme, a playwright and self-confessed liberal. Reported to have declared once, "If my brother becomes President, I'm leaving Brazil," he now seems set instead to promote the Figueiredo brand of democracy.

In a country where regional ties are important, General Figueiredo has the advantage of having a São Paulo hero for a father, being born in Rio and brought up in Rio Grande do Sul.

There he followed his predecessors, Costa e Silva, Médici and Geisel through the same military college, passing up top and joining a cavalry regiment. A brief spell as military attaché in Paraguay, police chief in São Paulo and brigade commander were interspersed with a long spell as an instructor.

In 1964 after the coup he began his climb towards power. The first head of the newly created SNL, General Golbery Celso de Silva, appointed him head of the Rio intelligence office, a key post as Rio was then still very much the capital city. He worked in close contact with Golbery and President Castelo Branco's chief military adviser, General Geisel.

In 1970 he became chief military adviser to President Médici. Two of Médici's ministers, Colonel Mario Andreazza, the transport minister, and Colonel Costa Cavalcanti, the interior minister, were to become part of the small group who later worked to make General Figueiredo President.

The other members are Senator Antonio Carlos Magalhães, head of Electrol, the state power company, two of President Geisel's younger aides, private secretary Major Helder de Aquino Ferreira and his godson, and first press secretary, Senator Humberto Barreto, and General Golbery, now General Geisel's chief civil adviser.

General Figueiredo, alone with his military minister, Senator Reis Veloso, continued in the Planalto Palace. Médici left President Geisel appointed him head of the SNL, now expanded from its early task of detecting subversion and corruption to an all-embracing intelligence operation.

Over the years General Figueiredo was groomed as



General Figueiredo: official presidential candidate.

heir apparent, acquiring in President Geisel's words "a wide political and administrative experience."

To make sure he would be succeeded by the man he wanted, President Geisel steadily eliminated resistance. When Army Minister Sylvio Frota made a bid for the presidency, he was sacked. When General Hugo de Abreu, President Geisel's chief military adviser, made objections to the choice, and was ignored, he had to resign.

The cheeky campaign of elderly senator Magalhães Pinto for the presidential nomination has been contained by manoeuvres to prevent government congressmen supporting it.

It is exactly General Figueiredo's long apprenticeship that makes a lot of people uneasy. In eight years in the presidential palace, in an artificial capital shoo from the passion and problems of the big cities, the best preparation for a president?

General Figueiredo may be well-versed in the mechanisms of the techno-bureaucracy but what does he know about the life of the ordinary Brazilian? Or for that matter, what does the ordinary Brazilian know about him?

"He has everyone's dossier, but not one has his," an opposition congressman complained. For General Figueiredo it is not easy to throw off the habits of a tightlipped intelligence chief and become a free-speaking presidential candidate. "Candidates do not speak," was the reply once to reporters eager for a quote.

However, indirectly General Figueiredo's thoughts have been trickling through on the lips of reverential government politicians.

Talking across his desk with his carved wooden horseman—identified by a plaque as a present from DINA (the Chilean secret service)—General Figueiredo is reported as saying he does not believe in a liberal democracy. He wants a stable constitution that does not have to be changed every now and again. He believes that the Institutional Act No 5, which enables Brazilian presidents to override the constitution, is not the best solution.

He is against violence, and wants a partial amnesty and the reintroduction of the habeas corpus except for those who have committed political crimes.

He worries about the November elections and the chances, slim though they might seem, of victory by the official opposition party, Brazilian Democratic Movement, in spite of all the changes in the legislation to prevent it.

Politically General Figueiredo's role is to continue the slow but selective relaxation of the military regime's iron grip, at a pace decided by the President, not popular pressure. His task is to oversee the return of a civilian regime at the end of his six-year term.

In foreign policy it is unlikely that General Figueiredo, surrounded by a group of advisers with close American ties, will take such a prickly attitude to the United States as President Geisel.

His SNL work has brought him into close contact with other Latin American countries. When military attaché in Paraguay 20 years ago he struck up a close friendship with General Stroessner—the man who is still President.

General Figueiredo has an elegant wife, Dulce, and two sons who preferred engineering to their father's passion, the army. Aged 60, he compensates for his heavy smoking and hearty appetite with daily early-morning riding.

After four years of sustained reveling in a man who rides a horse, and wears black boots and dark glasses. However, aware of the reputation of generals in dark glasses, a new image-conscious General Figueiredo has just replaced them with lighter lenses.

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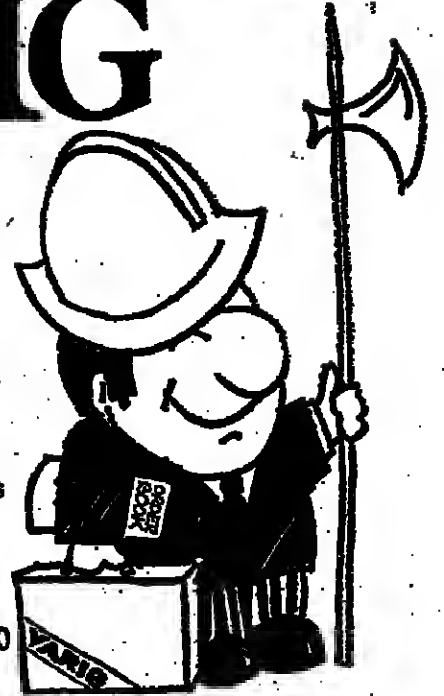
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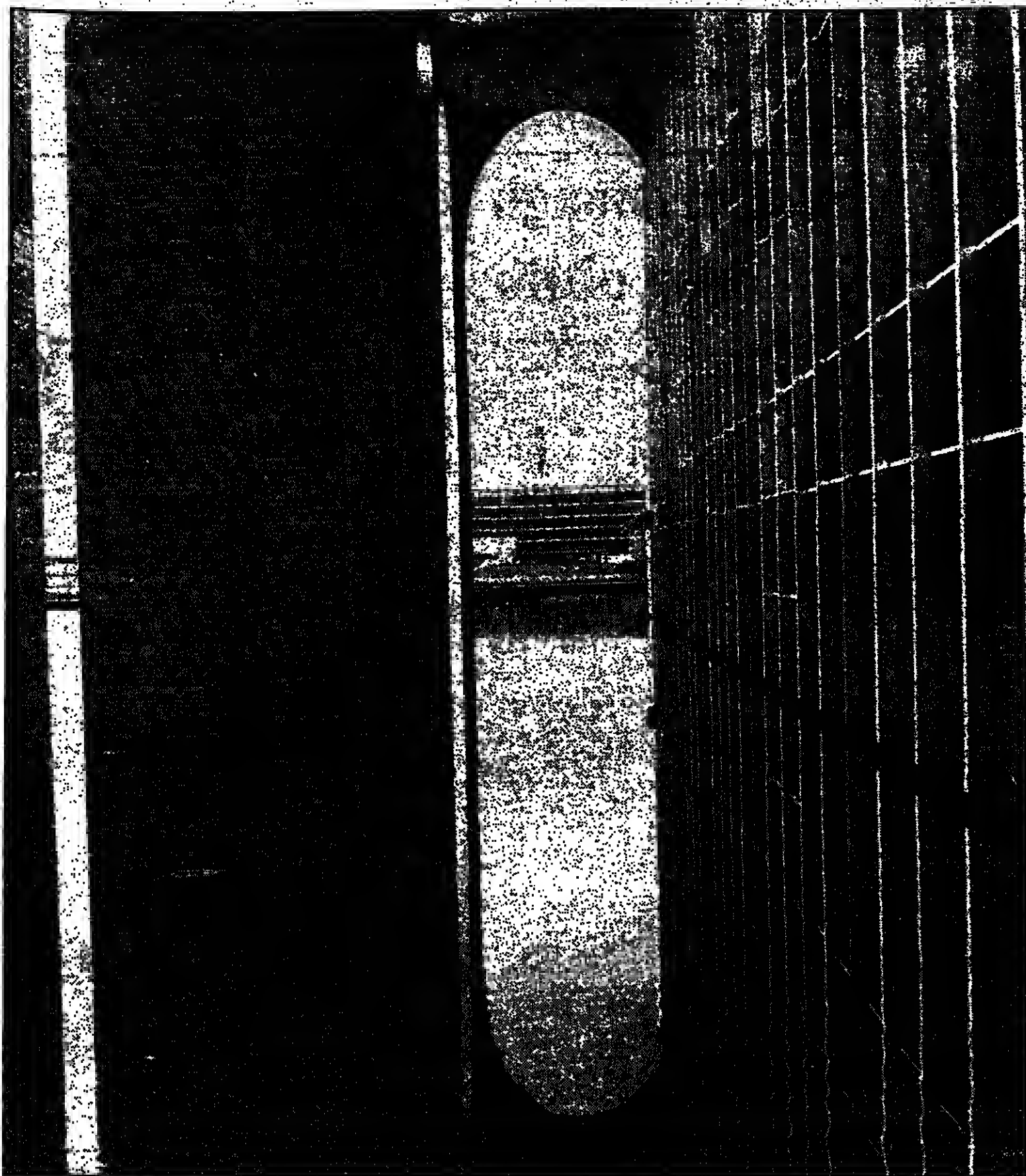
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The Foreign Ministry building in Brasília; following a course of "responsible pragmatism".

Policies reflect change

by Andrew Tarnowski

As a rapidly growing nation of near-commodities, Brazil has 113 million inhabitants and a \$25,000m foreign trade that has grown 1,000 per cent in 15 years. Brazil is emerging as a power in the world. Its policy-makers in the marble halls of Brasília reflect confidence of the Western world's eighth largest economy.

But Brazil remains a country in transition. Politically, its final model is as incomplete as its economic and social development, and this is perhaps reflected in the policies of "responsible pragmatism" that the Foreign Minister, Senhor Antonio Azeredo da Silveira, has pursued since 1974.

Officials say that Brazil has a fundamental commitment to Western values. "We regard the United States as a friend and the leader of the Western world, and in the improbable event of war between the United States and the Soviet Union, there is no question which side we would be on."

Policies, however, chiefly follow Brazil's commercial interests and development requirements in line with a concentrated export drive under President Ernesto Geisel. As an emerging industrial nation, Brazil does more trade with the EEC than with the United States. As a former colony with a large black population it professes closeness to Africa.

As a heavy importer of Arab oil it sometimes favours the Arab cause, and as a giant in its own continent it sometimes arouses expansionist fears among its neighbours. "Responsible pragmatism" boils down to getting the best deals for Brazil regardless of old friendships and ideologies.

Relations with the United States have been the traditional mainstay of Brazilian foreign policy, but this has changed in recent years. "It was fine while Brazil had a simple economy, but our economy is now complex and diversified and so are Brazilian interests in the world. So it is inappropriate to maintain significant relations with only one state," a Foreign Ministry official said.

President Carter almost sank United States relations with Brazil. His human rights statements were almost rudely phrased. They showed ignorance of Brazil's problems and of President Ernesto Geisel's efforts to improve the situation. When Senhor Azeredo

described the Carter approach as "one-eyed" he reflected the frustration of Latin American military governments, often driven beyond tolerance by violent subversion, at becoming targets of Washington's new morality.

For Brazilians, Mr Carter's aggressive opposition to the 1975 West German sale of a complete nuclear technology and industry to Brazil was an abrupt and unfriendly sabotage attempt against a crucial development programme. They feel it got the rebuff it deserved, and officials speak of American arm-twisting and bullying, and of irritation at President Carter's "brutal" methods.

"The Carter Administration came in too green. Coming from Plains, Georgia, you can hardly expect to have a balanced view of the world," an official said. Indeed, it is a sign of Brazil's new strength that the United States has now changed its tune on the nuclear accord as well as on human rights.

The point, for Brazilians, is that their oil bill is huge. Potential for new hydroelectric power, until now the chief source of industrial energy, will be exhausted in 10 years. The eight giant West German reactors are essential for an energy-hungry economy and will provide nearly 10,000MW—half Brazil's present energy output—while the agreement will provide technology for independent expansion of the programme.

To Washington's concern that the agreement will also give Brazil a nuclear bomb potential, officials reply that Brazil has ratified the Treaty making Latin America a nuclear-free zone, and signed a 50-page safeguards treaty with the International Atomic Energy Agency in Vienna. Signature of the United Nations non-proliferation treaty, they say, would simply be signing away access to technology needed for peaceful programmes.

There is suspicion in Brazil that the United States is suffering from sour grapes, because American industry dislikes transferring the complex technology that Brazil seeks, and thus stands to lose a big potential market. Indeed, Brazil has also turned to Britain and Western Europe for help in port, railway, steel, and petrochemical projects, helping the EEC to outstrip the United States as its biggest trading partner.

While Mr Carter visits Brasília this month in a likely attempt to paper over the cracks, President Geisel

has not made the traditional visit to Washington. Instead, he has been to Britain, France, West Germany and Japan, bringing home agreements of importance to Brazilian development.

Relations with West Europe and Japan, though ruffled by the current wave of protectionism, are largely free of political difficulties. President Geisel brought back a long-term contract worth \$12,000m from his 1976 visit to Tokyo. Annual trade with Japan is approaching \$2,000m, and Brazil is now Japan's third investment area after the United States and Indonesia.

Overcoming former ideological prejudices, trade with Japan has also soared above \$1,500m—and is seen as a sign of Brazil's growing maturity in the world.

But Brazil's boldest foreign policy venture came under President Geisel in its support of black liberation movements in southern Africa, reversing the old pro-Portuguese stance.

"We had a terrible heritage of aiding with Portugal the last remnants of imperialism in Africa," a Foreign Ministry official said. "President Geisel was determined to see Africa as a twin continent, whose nations are racially and geographically our very close neighbours."

Brazil thus recognized the independence of Guinea-Bissau before Portugal conceded it, and was the first country to recognize independent Angola under the MPLA.

Behind such policies Brazil has a sharp eye for new markets. Ten years ago 80 per cent of its African trade was with South Africa. Today trade with South Africa remains as large, but represents 3 per cent of the total, which has risen to \$1,000m. Officials in Brazil see Africa as a purchaser of Brazil's intermediate technology, and road-building, communications and motor sales contracts have been won.

Though Brazil has also sold warplanes to Mozambique and Angola, fishing boats in Mozambique and trawlers to Nigeria, Africa has not yet proved to be the market it had hoped for. Mr Joseph Garba, the Nigerian Foreign Minister, recently summed up the lingering resentment at the giant of the continent by saying: "The times we've had to change Brazil has overtaken Brazil, and if support given

to the blacks constitutes economic advantage, it would be a very unwise policy." Relations with the Arab world have also proved commercially disappointing, despite a controversial dispute against Israel in the Nations' efforts to force Arab countries to back a large project for the \$4,000m dam. Spending annually on oil points have not materialized. Indeed, Brazil's exports to the region total only \$34 million. Only Iran, a new country, last year signed a five-year agreement by which Brazil will raise its oil purchases from \$350m to \$500m annually, in return for which Iran will spend 50 per cent of the proceeds on Brazilian goods and services. Brazil, however, had paid for a 50 per cent price

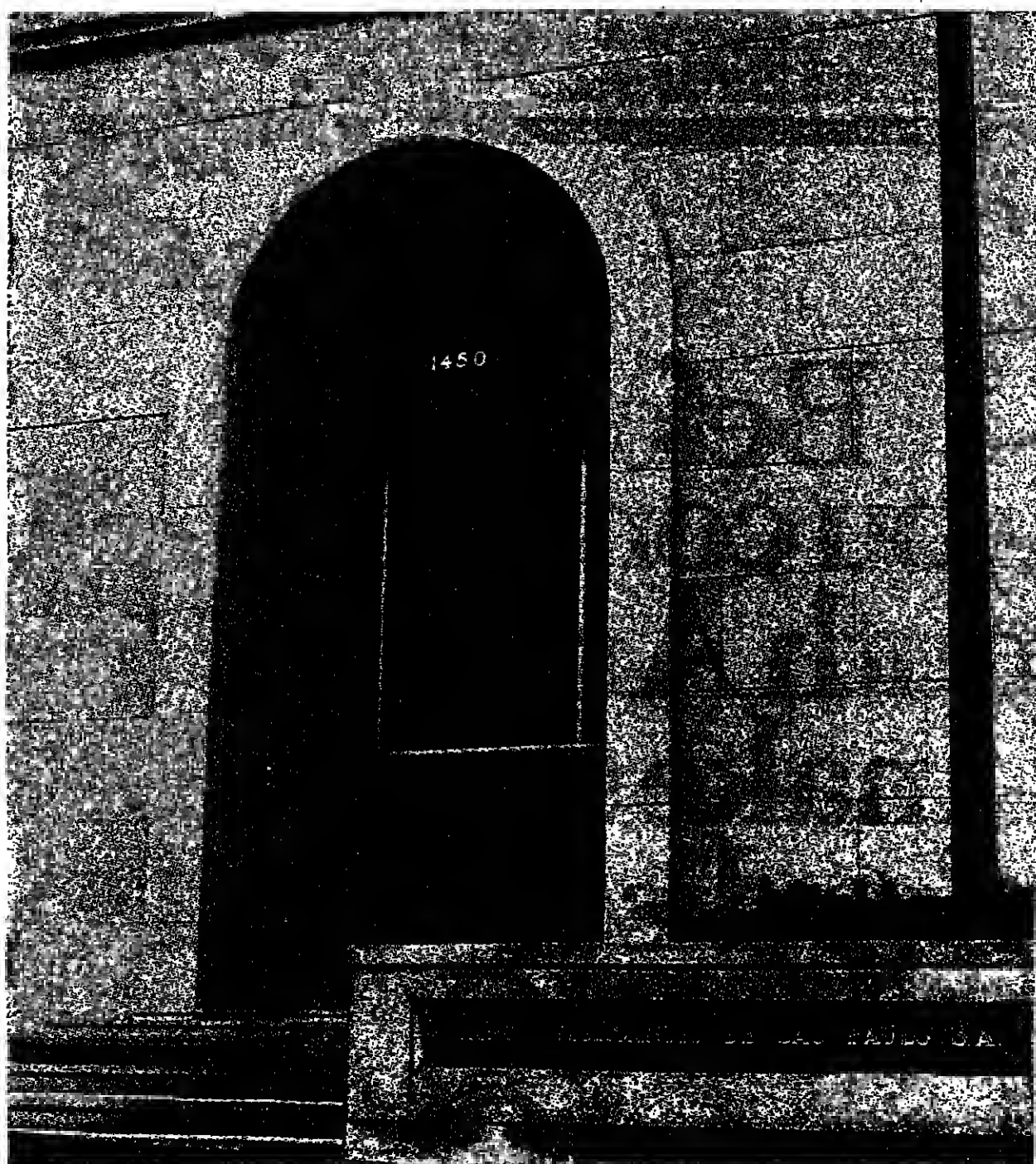
The only region in Brazil can flex its muscle. South America, occupying it does half the sub-continent and outnumbering the population of sub-continent. But even relations with its dynamic Spanish-speaking neighbours are complex, sometimes mutually suspicious, and it is probably scarce of most neighbours countries not to be dominated by Brazil.

Brazil's economic expansion and stability must usually make it a focal point for South American development. It has borders, all but two of its 13 American neighbours, has signed long-term trade agreements with several of them for the raw materials.

However, integration held back as much by untamed wilderness of the regions as by its neighbour's fears of absorption into the Brazilian market and a consequent loss of independence. The first recent Brazilian initiative has shown up the difficulties in the region.

First Paraguay declined to convert to Brazil's electric cycle to facilitate joint construction of the largest hydroelectric dam, Itaipu, and then seven hours' crossing delay decision on Brazil's plan for an Amazon pact in note physical integration the Amazon region.

Behind the rebuff is the feeling that Brazil's neighbourly relations are a disfigurement to the continent. Brazil has overtaken Brazil, and if support given



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Britain makes up for lost time

During his visit to Brazil the Prince of Wales will find a country vastly changed since his mother was there 10 years ago. Its economy has taken giant steps forward, and its stature in the world has grown apace.

Until 1975 the Brazilian "economic miracle" was something of a lost opportunity for Britain. But this has changed dramatically in three years, and the royal visit symbolizes and seals Britain's reawakening interest in one of the world's most dynamic emerging nations.

It was probably West Germany's 1975 agreement to supply Brazil with a fully equipped nuclear power industry which alerted Britain to the opportunities for large-scale investments based on the export of advanced technology. President Ernesto Geisel's visit to Britain in 1976 confirmed Brazilian interest, while his administration has improved Brazil's human rights image abroad. Brazil is now a top-priority country for British trade and diplomacy.

Brazilian officials wax enthusiastic about a "dynamic relationship based on the renewed interest of British industry in Brazil". British investment is now close to £250m and growing fast. Visible trade reached £546m last year, an increase of 31 per cent on 1976.

Although Britain's share of the market is actually contracting because of import restrictions in Brazil since the 1974 oil crisis, and Brazil had a £55m surplus last year, the latter was easily offset by British investment earnings, including Brazilian fund-raising in the City of London which traditionally provides a big share of its external finance.

Hardly a week passes without a British industrial, financial or business mission coming to Brazil. "Prince Charles's visit," a senior Foreign Ministry official said, "is one more demonstration that Brazil is now very present in Britain's mind."

Since 1975 British companies have won important contracts for railway, hydroelectric, petrochemical and port construction projects. The most spectacular new ventures are BP's leading role in Brazil's crucial search for offshore oil, and British leadership in constructing the three-million-ton Acominas steel complex in Minas Gerais state, BP is

drilling the first well in the Santos basin under one of the first risk contracts granted, and has just won a second.

Acominas will increase Brazilian steel production by 25 per cent by 1981. Davy International heads the European consortium building it, and Morgan Grenfell is the leading financier. Britain is also supplying more than half the \$500m loan raised by an international banking consortium as a quid pro quo for the contract on which the Brazilian Government insisted.

Brazil has turned to Britain and West Europe for such advanced technology projects to build a self-reliant economy. Officials in Brazil say that the United States is not interested "because it has less state control and its private firms are not prepared to go as far as British, French and German firms in transferring technology".

The new relationship is thus expanding, but it is not without problems. Britain and the EEC are increasingly concerned about Brazil's import restrictions since 1974, while Brazil is distressed by EEC quotas on textile imports. Its dumping of steel in the EEC has also brought polite reproaches.

But Brazil offers political stability and big profits for investors. Although British ministers mention human rights when they pay visits, there are no outstanding political quarrels. Since 1975 Brazil has taken a neutral stand on Britain's dispute with Guatemala and Argentina over Belize and the Falkland Islands. The way is thus open for an increasingly close trading relationship, and it is this that the Prince of Wales will accentuate during his visit.

"Buy British" approach is considered unusable for a consciously powerful market like Brazil. But the message will be clear enough in the Prince's visits to several of the British development projects rapidly growing in Brazil, and not least in the long fight he will make from Brasília over the Manaus Grosso and the Amazon jungles, to Caracas, the Venezuelan capital, in a little Andover aircraft considered an excellent prospect for the Brazilian market.

A.T.

The Brazilian Federal Railways

The "Rede Ferroviária Federal SA-RFFSA (Brasil)" (Federal Railway Network of Brazil) is 20 years old.

The Federal Railway Network of Brazil—RFFSA—is the largest Brazilian railway system.

Founded in 1957 it became a joint stock company through the merger into one single company of 18 different ones. Its biggest shareholder is the Federal Government with 98% of its capital stock, at present CR\$8 873 103 886.00.

It is administered by a Board of Directors and a Management consisting of a Chairman and eleven Managers with executive functions. Operational rail services are decentralized and spread into six Regional Managements and one Special Division of the Greater Rio Suburbs.

The railway network represents 80% of the total of Brazilian railways and covers 24,132 km, 1,053 of which are electrified. There are three gauges in use: 1.00m (91.9%), 1.60m (7.2%) and 0.76m (0.9%).

The RFFSA caters mainly for goods and for commuters.

In 1977, the RFFSA transported 59.7 million tons of goods (253 billion tkm) and 270 million passengers in the suburbs of Greater Rio and Greater São Paulo. The last number corresponds to nearly 95% of the total suburban passengers transported by RFFSA.

The main goods transported were: ore (32.8%); mineral coal (8.9%); cement (8.4%); oil derivatives (6.7%); steel products (6.7%); food (3.4%); limestone (3.2%); sugar (2.7%) and soya (2.2%).

To meet such transport requirements, the RFFSA owns 1,342 diesel electric locomotives; 42,176 carriages of all types; 368 electric trains; 22 diesel* and 1,129 passenger carriages. On 31 December 1977 the RFFSA employed 101,000 people.

The Federal Railway Network has experienced significant production increases in the past few years as shown below:

Description	1973	1975	1977
1. Goods			
—net t (millions)	35.1	46.2	59
—net tkm (billions)	14.0	19.7	25
2. Productivity (thousands of net tkm per employee)	123.0	180.2	250
3. Commuters—Rio de Janeiro and São Paulo (millions)	224	205	21

Note: Estimates for 1978 predict the transport of 65 million tons of goods (26.8 billions of net tkm) and 315 million commuters in Greater Rio and Greater São Paulo.

* 22 diesel rail-cars

The participation of British industry

The RFFSA is presently trying to increase its participation in the country's transport system. For this reason it has been investing significantly in transport equipment and improving the already existing system, while building at the same time some new tracks. All efforts are being concentrated in the economic triangle Belo Horizonte—Rio de Janeiro—São Paulo, which is responsible for nearly 80% of RFFSA's rail transport. To reach this "desideratum", the RFFSA has relied on loans and financing from several international sources. The most important of these came from the World Bank (US\$175 million) and from N M Rothschild and Sons Limited (£127 million).

The British rail industry has had a real participation in the order resulting from these loans and financing. Besides the global supply of equipment and services to start the electrification of the systems (including the supply of electric locomotives), signals and telecommunications on the part of the above mentioned economic triangle (GEC Transportation Projects Limited of England—under financing of N M Rothschild), this industry also participates, through isolated or associated companies, some of the Brazilian, in other enterprises, such as the supply and installation of Centralized Traffic Control—CTC (BIRD Loan) between Rio and São Paulo (GEC-SIZEMBA-MITSUI Consortium); the supply of electric equipment (PANDROL), of permanent track equipment (elastic spikes).

These acquisitions and services amount to some £138 million.

Handwritten signature or mark.

Coffee to earn \$2,000m in overseas sales

Coffee growers of Brazil have 14,000 million bushes 15 years ago, and the country has a stock of 40 million bushels—enough to keep the world supplied for 18 months. Millions of bushes were eradicated after 1960 when there were now 2,200 million left.

This policy has proved profitable in the past two years. The severe frosts of 1975, damaged a thousand million bushes in Parana and many in Sao Paulo, too. The price soared to 30 cents a lb. It takes three to four years to newly-planted coffee bushes to start producing. The damage was done by the frost had to be pruned down to the ground.

This year should see a return to normal. The crop is between 15 million and 22 million bags with at least 10 million bags available for export. Brazil consumes seven million bags. At stocks Brazil still has, its production was last year and will be this year.

To ascertain producers' claims and customers all berate make greatly differing predictions. The true figure will emerge later. Brazil has been underestimating stocks for the past few months. It is now between eight million and eight million about enough to see country through until year's harvest starts to come on to the market in April. Aided by poor crops in Colombia and Central America, and disturbances in Africa, Brazil has made a big profit from coffee in the past two years. It earned \$100 million in 1976, selling far more than normal. Before frost, a revenue of \$100 million was good.

The world's two leading producers, Brazil and Colombia, between them responsible for 40 per cent of the world's coffee. In the Amazonian city of Manaus, they have since approached Ivory Coast and El Salvador to join them. But while the ink was wet on the paper, Brazil was given a 10 per cent increase in its main currency in the United States.

To secure its position as a supplier, Brazil was selling coffee at about \$2.3 a lb. rather than the \$3.2. Coffee will grow in many places, and many countries are trying to emulate Brazil's success. A coffee "Opec" can thus be ruled out. There will soon be plenty of coffee about again, although the price is expected to remain in the \$1.5 to \$2 range.

There is much argument in Brazil over whether people are drinking less coffee because of the cost. Customers certainly bought far less last year. But Senhor Camilo Calazans, the head of the Brazilian coffee institute, IBC, argues that the large stocks held at all stages through the distribution chain—by producer, shipper, wholesaler, retailer and even housewife—have all been run down. They suddenly became too valuable an asset to sit on, fortunes were made, as windfall profits increased the value of stocks fivefold.

So Brazil has not been the only beneficiary of the shortage. Senhor Calazans is confident that even if coffee drinking has fallen a little, although nothing like the 15 to 20 per cent drop which sales might indicate, it will soon resume previous levels. He expects Brazil to earn about \$2,000m a year from coffee exports from now on. More coffee is being planted again and there should be no repetition of the disaster of 1975 and the subsequent marketing disorder. Although the latter helped Brazil to balance its trading books during the past two years, it has damaged relations between supplier and customer. Brazil may pay for that later.

Bushes are now being planted in their millions farther north, there are 700 million in Minas Gerais state, where it never freezes. The IBC, which finances the planting of coffee, has now sanctioned experimental planting in Amazonia. There will certainly be no difficulties there with frost, although other jungle pests may decide—as they did with rubber and pepper—that they like the taste of coffee.

Brazil also did very well with soy, her second export

commodity. Because of the severe northern hemisphere winter of 1976-77, and the continuing insufficiency of Peruvian fishmeal, prices soared to record heights last spring.

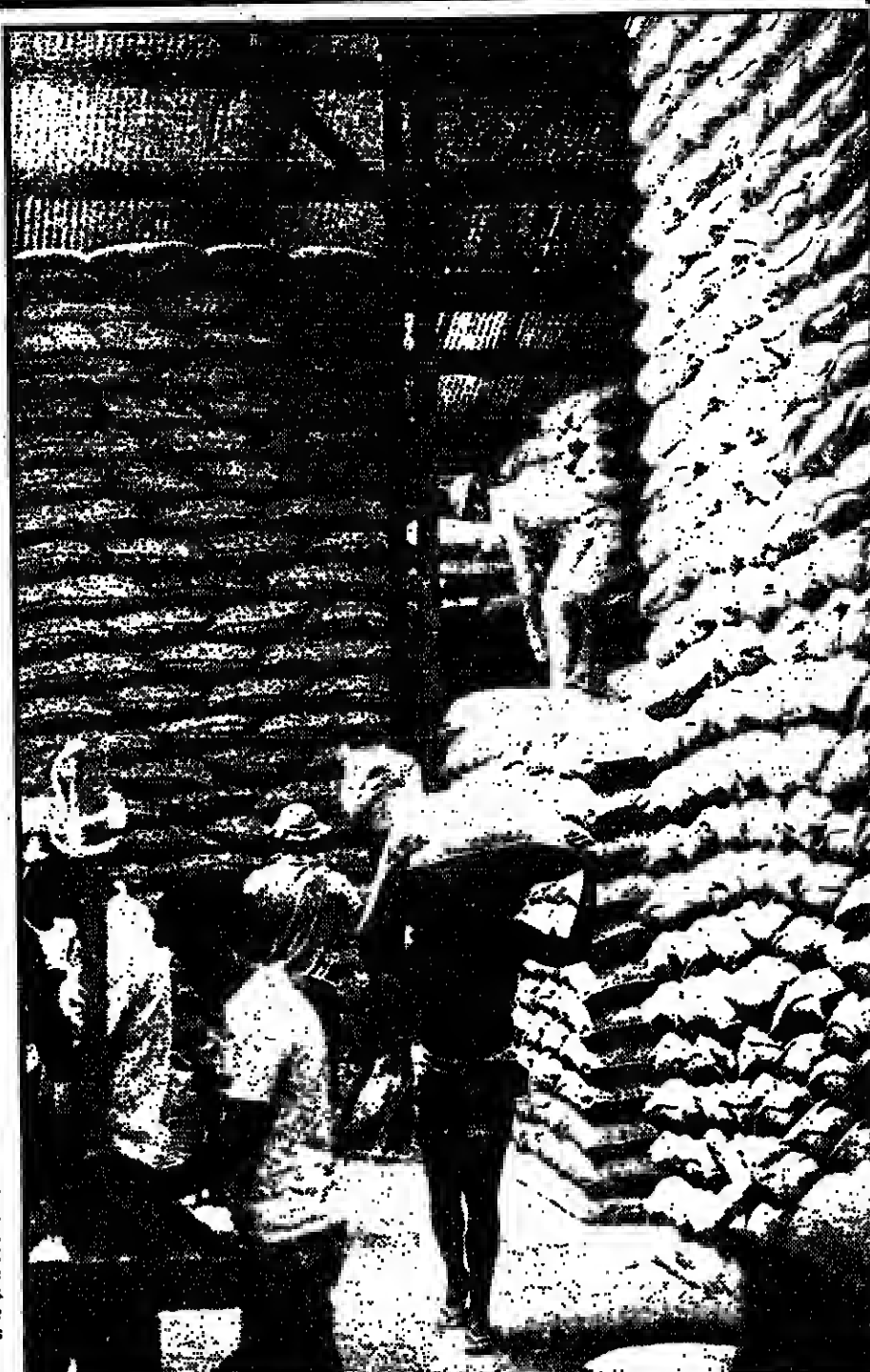
If Brazil has done well by manipulating the coffee market, it still has much to learn about soy. Dealers held off selling at the top April price of \$300 a ton, when farmers in the northern hemisphere were casting around desperately for cattle feed. After that the price dropped rapidly, to \$200 a ton, and Brazil's farmers were forced to sell at this price or to hold on to stocks.

Brazil earned some \$2,000m last year, but it could have earned \$3,000m. The country produced 12 million tons of soy in 1977, compared with five million in 1972. The farmers should be growing 16 million tons by 1980, but soy prices are unlikely to remain so high. Brazil will have to continue subsidizing exports, although the home market price is higher.

Soy can be produced competitively on farms in Brazil, and yields of up to 1,200kg a hectare compare well with those of the United States. But most has to be expensively driven hundreds of miles to the ports. When the lorries get there, they sometimes have to wait in queues for up to two weeks, because storage and loading facilities have not kept pace with output. The farmers complain that they are underpaid for their exports of soy.

The cruzeiro is still overvalued by about 20 per cent, and that helps to keep the price of imported oil and machinery down. This eases the burden of the \$30,000m debt, but the farmers and agribusiness pay the price. Several neighbouring countries are planning to make money from soy. This year world production should be up to about 80 million tons, compared with 67 million last year. Argentina, as well as Paraguay and Uruguay, will be nearly doubling output. The price can only fall.

As with coffee, Brazil is planning to plant new crops with soy. A broad leaf, it resists drought better than narrow-leaved plants such as rice. If the problem of mineral imbalance in the empty lands of the centre of



Sacks of coffee beans in a warehouse of the Brazilian Coffee Institute in Parana State, which once had one of the world's highest rates of coffee production.

Brazil can be solved—and a solution seems in sight—this vast area could be used. Land there costs a fraction of what it now does in Parana, where soy mania has occurred.

The price of land has soared by 1,000 per cent, distorting land-holding patterns and causing monoculture. Soil exhaustion and severe erosion are now real risks in these areas of tropical rainfall.

If exports of soy and coffee have been the most spectacular, Brazil remains

the world's largest sugar producer. During the short age of 1974, sugar exports earned \$1,000m, but more recently, exports of 1,200,000 tons have earned only \$300m a year. Brazil produces between eight million and nine million tons, but a great deal goes to sweeten those endless cups of coffee.

Brazil also expects to be the world's foremost cocoa producer by the 1980s. The country earned almost \$700m last year from cocoa and chocolate exports and hopes to net \$800m this year.

Output of orange juice is also rising fast. Last year, \$120m worth of juice was sold, and there is plenty of scope to increase output, while competitors have little space left.

Brazil was the world's second largest exporter of foodstuffs last year, overtaking France for the first time. If present trends continue, it will soon overtake the United States to be number one.

Steel planners seek an economic sign

The steel industry in Brazil has grown dramatically during the past 12 years. In 1974, 7,400,000 tons of finished steel were turned out, and \$1,500m spent on importing the rest needed. Last year, 11,500,000 tons were made and 250,000 tons were exported.

This year imports and exports should be in balance. Imported steel, however, such as tubes and tinplate, is more costly than what is exported, so there will still be a cash shortfall.

But although the steel deficit has been reduced, output is lagging far behind what had been hoped for, the national steel plan setting out between 20 million and 22 million tons by 1980. In fact, not more than 15 million to 17 million tons will be made by then.

Delays and a re-think have slowed things up. When Brazil planned its steel programme in the early 1970s, the whole world economy was booming. It looked as if there would be a buoyant market for almost any amount of steel Brazil might produce.

With this in mind, and with its almost unlimited reserves of top-grade iron ore, it set about locating important plants. Several were designed almost exclusively for export. One was to be at São Luis, near the mouth of the Amazon, and would have been financed in conjunction with United States Steel. The abundant, very high-grade ore from the Carajás field, one of the largest in the world, would have been used. US Steel withdrew from this project, and has since decided not to help to finance Carajás either.

Another important steel-making project is expected to provide a three million-ton capacity plant at Tubarão. This is where the railway bringing ore from the Minas Gerais fields reaches the Atlantic. Kawasaki Steel, the coordinator for 21 Japanese steelmakers, is investing in Tubarão, and Finisider, the Italian company, will each have a 20 per cent stake in Tubarão, estimated three years ago to cost

\$3,000m. These companies were to have arranged for the export of most of the steel. Both are now dragging their feet, and a final definition has to be agreed. The Brazilians would like the Japanese, if not the Italians, to increase their finance by \$600m.

The Japanese, who will provide most of the equipment for the steel mill, are keen for it to go ahead, and may put up the extra cash, but they have counter-posed that the Brazilians should absorb Tubarão's output for the first three years of operation. They also want to provide a larger share of the plant.

Normally about 60 per cent of steel is imported. With 40 million tons of steel-making capacity lying idle in Japan, and eight million tons of steel in stock, the Japanese can hardly do more. If world demand for steel has grown little in the past three years, (it is reported in Brazil that less was consumed last year than in 1974) internal consumption has increased steadily. Although the economy is not now growing at the remarkable 10 per cent or more of the early 1970s, it is still managing a steady 6 per cent.

A recent World Bank report expected that growth would reach 9 per cent again during the 1980s. Brazil's million-ton a year shipbuilding industry, its million vehicles a year motor industry, the vast hydroelectric programme, railway building, mains services improvements, and many more are large consumers of steel.

Although all are proceeding at a slower pace than expected in the busy days of the second national plan before the oil price rise, demand for steel is still high.

The steel planners are in a dilemma. What will eventually happen to the world economy is increasingly difficult to predict. Steelworks, with an elapse of at least four years between decisions being made and production starting, are at a great disadvantage, hence the delays and the agonizing decisions now being made by the Brazilian, Japanese and Italian steelmen.

Brazil does not want to be left behind if the world economy is reactivated, but it certainly does not want to

face massive debts and amortization payments for idle plant, and accumulating stocks of steel if the sustained growth of the 1960s does not return.

Was this the world's "golden age" of economic development, which will never be seen again, because of shortages of strategic raw materials, notably oil? Or will these shortages be compensated for by the development of competitive alternatives, allowing the world economy to surge forward again?

Brazil is a developing country and has leeway to catch up the developed economies. That its economy is growing at between 6 and 10 per cent a year is comparable to the British economy doing so at the beginning of the century.

Locomes a head are still very low, while steel consumption stands at 114 kilos a head. This compares with 39 kilos a head in 1960, but it had been planned to rise to 240 kilos a head by 1986. Probably this will not now be achieved until the 1990s.

The Brazilian steel industry is substantially in state hands. Plans for a big new private steel mill to be built by Mendes Junior, the Minas Gerais construction company, active in Africa, the Middle East and neighbouring countries have been shelved. Investment is now being concentrated at four complexes: the enlargement of the national steelworks, the old-established Volta Redonda, near Rio de Janeiro, the Usiminas project, in which there is important British participation, the Copisa project, near Santos, and Tubarão.

Even if output is not growing as fast as had been expected, investments of about \$1,000m are going through. Very large repayments are also having to be made as a result, but Brazil nevertheless claims to be one of the world's cheapest producers of steel, claiming costs below those of the United States, Germany or Britain.

In a world increasingly bedged in by trade restrictions, with patterns distorted by a multitude of government subsidies and hidden incentives, it is hard to distinguish truth from fiction in these claims.

P.K.

P.K.

Brazilian
Railway

COMINAS

Davy leads international strength to build major steelworks in Brazil

The new integrated iron and steelworks now being established by Aço Minas Gerais S.A. on a greenfield site near Belo Horizonte is one of the most important current industrial projects in Latin America. The works is being designed to produce initially 2 million tons a year of steel structural shapes and sections, with built-in potential for ultimate expansion up to 10 million tons a year.

Nearly £500 million of specially designed plant and equipment will be supplied from Britain and Western Europe for this project. The whole of this supply programme, covering every main area of plant and equipment for the iron and steelworks, is being co-ordinated by Davy Ashmore International.

Through Davy, initiative Britain's share will be £246 million; £180 million of this will represent direct exports, providing 22,500 man-years of

work in British factories. Equipment to be supplied from Britain will include a blast furnace, a coke oven plant, an oxygen plant, and a complete billet rolling mill complex which will be designed and manufactured by Davy-Löbwy, another Davy International company.

Davy Ashmore International is also leading another international group now bidding for a further major iron and steel development project in Venezuela.



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16 million cubic metres of soil had to be removed to prepare a level site on which the iron and steelworks can be built.



Down to the sea in their own ships

by Patrick Knight

With contracts for more than three million tons, Brazil has the world's third longest shipbuilding order book. The five main yards, able to build the largest vessels, can produce a million tons of shipping a year.

How is it that, at a time when world shipping is so deep in the doldrums, the Brazilians are doing so well? A few years ago they decided that it was about time that instead of letting others carry most of their imports and exports for them, they did it themselves. Brazil now exports about one million tons of goods a year, and imports another 60 million tons.

Its coastline is 7,300 km long, and 70 per cent of its 110 million population lives within a hundred miles of it. More than two thirds of the goods moved around the country are now carried by road, at a time when 80 per cent of Brazil's oil is still imported. So it was decided to encourage the shipbuilding industry in order to achieve several things at the same time.

The five main yards, all

of them in or near Rio de Janeiro, included subsidiaries of Japanese, of German, of French, and of British, and three locally owned yards were enlarged and re-equipped.

A national shipbuilding programme was published four years ago, calling for more than five million tons of new shipping. This will push Brazil's fleet up from about six million tons to 11 million. Half the goods moved through Brazilian ports could then be carried in Brazilian-built and owned ships. Already its fleet is one of the newest on the continent. Sixty per cent of its vessels are less than five years old.

The 10 biggest national lines, which carry goods to all parts of the world, as well as distributing along the coast, and way up the rivers of Amazonia, will absorb most of the new ships. The plan was to have been completed by 1979, and cost \$3,300m, but only the first 200,000 tons of ships of the plan were launched last year. It will run on until at least 1983, and costs are rising.

It is still not economic to build ships in Brazil. All the machinery used to equip the

yards is imported, and repayments are an item contributing to the trade deficit. Even now, more than a quarter of the equipment used in a Brazilian-made ship, in terms of value, has to be imported.

This includes complex electronic navigation and control gear, and engine parts made from special steels, which cannot yet be made in Brazil. While on the one hand freight charge payments are being reduced, the import bill is still high. So far Brazil has not been concerned to export much shipping.

Last year, of the 670,000 tons turned out from the yards, only three, 20,000-ton vessels valued at \$23m, were exported. This year the picture will be different. A third of the total, 300,000 tons, is to be exported. Brazil has sold ships to Liberia, Nigeria, Mexico, Chile and Germany.

In 1977 there was a reduction of 5 per cent in output from the yards over the 1976 figure. Only 60 per cent of what had been planned was launched. That was because in an effort to reduce component imports, Brazilian industry was asked to make as many parts as

possible. There were delays in this being fulfilled.

This year, things should be easier. Output should be up by 75 per cent on last year. The national shipowners will be taking delivery of the first big batch of vessels from the yards this year, and they are not too happy with the prospect. A stagnation in trade has hit shipowners hard. Last year, Brazilian ships carried 6 per cent fewer goods than in 1976. At a time when world freight rates are at their lowest, it is cheaper, as well as easier, for them to charter.

They say it costs them twice as much to buy Brazilian. The Brazilian Government does not, of course, have quite the same view. Chartered ships have to be paid for in dollars, hard for Brazil to earn. Brazilian-made ships are paid for in local currency.

The shipowners put a stiff list of demands to the Government recently, including the reduction of down payments for new ships from 15 to 5 per cent of total value, the lengthening of time to pay from 10 to 15 years, the lowering of interest from 10 to 7 per cent, and for freight rates to be

raised. They note that foreign purchasers of Brazilian-made ships enjoy these terms, so why should they be forced to subsidize Brazil's exports?

This may well point to a difficulty ahead. A ship bought in Brazil costs the overseas customer about 30 per cent less to buy than it did to make. So far Brazil is just one market less for the traditional shipowner, and one less market for the charterer.

The traditional shipbuilding nations will try to get restrictions put on Brazil, although they all subsidize too. Like so many aspects of its economy, shipbuilding is strongly export oriented. Its prospects depend on an increase in world trade. If, as the planners had expected, the world economy was growing at about 4 per cent a year, all would be well. There would be a buoyant market for Brazil's ships, and everybody else's, too.

It all depends on whether new sources of energy can be found and developed to fuel the world's industries. If not, there is no way that the growth in Brazil's shipbuilding industry, which employs 30,000 workers and benefits a further 150,000 indirectly, can continue.



Shipbuilding is healthy, but owners say it costs twice as much to buy Brazilian vessels.

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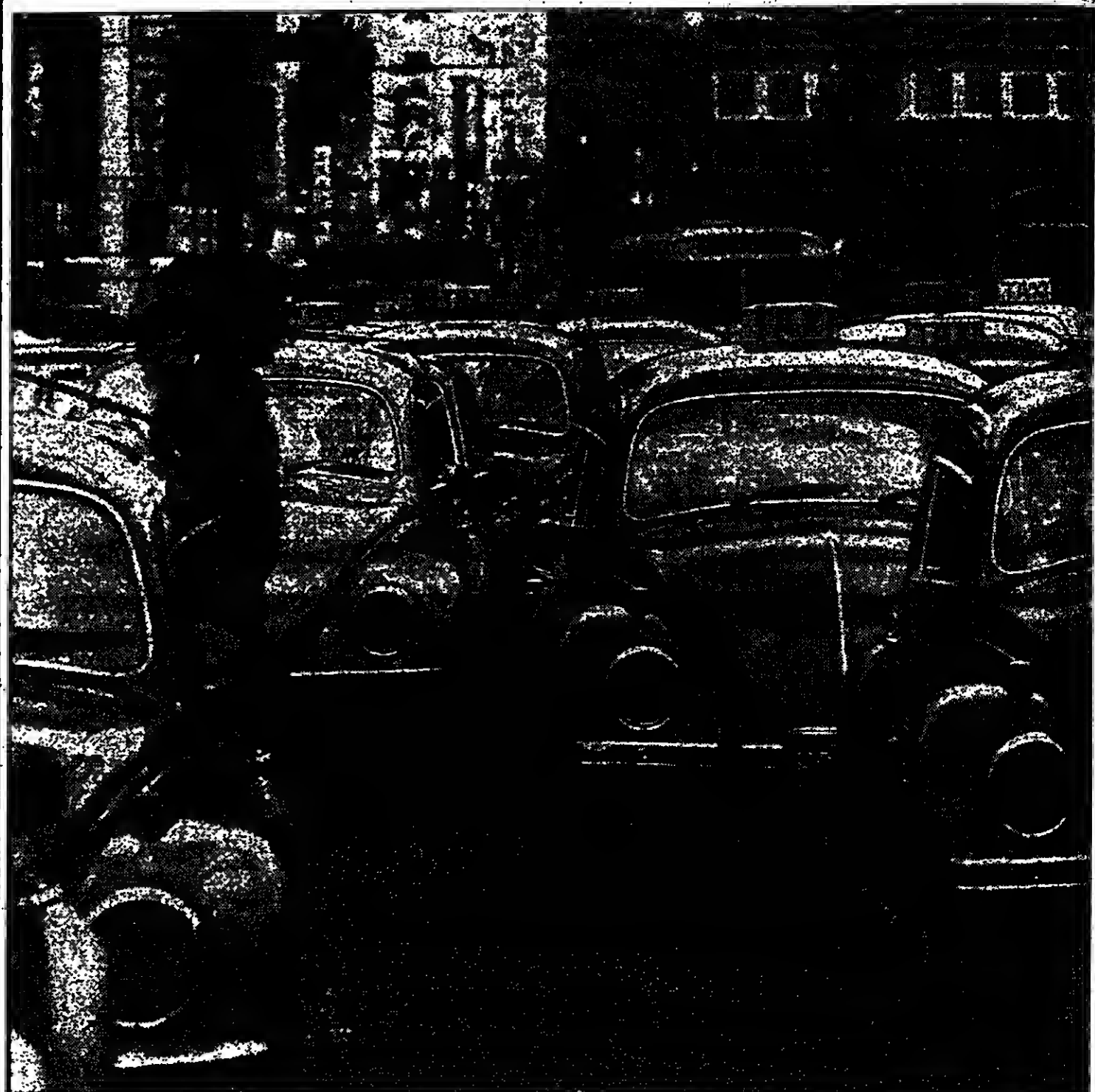
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Beating along in São Paulo. Restrictions on private cars have led to traffic jams of taxis and buses.

Exports fail to save cars from a bad year

The Brazilian motor industry had rather a bad year in 1977. Instead of making a million vehicles for the first time, as hoped, sales dropped from 985,000 in 1976 to just over 900,000. The high cost of petrol, restrictions on leisure motoring, a general economic slowdown and restrictive credit terms hit the industry hard.

Ten thousand workers were laid off and things went particularly badly. Ford sold 25 per cent fewer cars than in 1976, though its new Corcel was this January's best selling model. Matters were made worse by Fiat's starting production. Forty thousand Fiats were sold in a shrinking market. The truck and bus market was much brighter. Despite a slowdown, Brazil's economy is still growing by 6 per cent a year. Two thirds of the goods made there are carried by road, so truck production was up 25 per cent last year. Many private motorists are switching from their cars to public transport. First steps towards restrictions on motoring in the city centres are also helping the bus makers.

They sold 14 per cent more last year than in 1976 and are working with long order books. The tractor market—Brazil is the world's fourth largest producer—has had a poor couple of years. Farm credit has been held back. But the next President has said that increasing farm output to get the economy moving again will be a priority.

Exports of tractors and implements to neighbours and to African and Middle Eastern countries have held up well. Several important new sales were made last year. Brazil's motor industry is very export oriented. In recent years, the granting of licences to locate in Brazil has depended on an undertaking to export a proportion of output. This has to be equivalent at least, to the value of imports needed for the factory. Last year, \$724m worth was exported.

Both Volkswagen and Fiat sent engines and parts to their parent companies. VW sent \$51m worth of engines and gearboxes to Wolfsburg for the Passat model, while Fiat exported 133,000 engines for the Turin-assembled 127 car. The three American-owned companies, Ford, Chrysler

and General Motors, also exported to their parents. The VWs assembled in Nigeria now incorporate 60 per cent of parts made in Brazil. And VWs are sold to a variety of African and Middle Eastern countries, as well as to neighbours. If you still have a nostalgic feeling for a Beetle years will have to come from Brazil, South Africa or Mexico in future, as it is no longer made in West Germany.

Perfectly suitable for the tough dirt roads of South America and Africa, it is perhaps rather outmoded in Europe's motorway age. But the top selling car has still a long future ahead in Brazil and on other continents. VW is responsible for half the cars sold in Brazil, and the Beetle is most people's first buy.

Although Brazil's motor industry record is impressive, and this year it is hoped to reach the \$1,000m mark, imports worth \$530m were made by the industry last year. So the net gain was less than \$200m.

Disappointed with this, the Brazilian Government is planning to restrict payments made for technology transfer. Firms have been using this as a means to circumvent restrictions on profit remittances. Brazil's motor industry is making a big effort to develop alcohol-driven engines.

The country now has to import 80 per cent of its oil, which makes a huge dent in her balance of payments, and consumes more than a third of all export earnings. Alcohol is already added to the petrol sold in São Paulo. The project received rather a rude blow in January, when a report by World Bank specialists stated that it was unviable. To distil a litre of alcohol costs twice as much as to buy a litre of oil. Unless prices increase dramatically, the report suggests, it would be better to spend more on the search for oil.

Brazilian ministers and others reacted strongly. They point out that while the alcohol programme is paid for in local currency, and the distilleries to produce it will not need any imported parts, oil has to be imported. It has to be paid for by exporting goods and foodstuffs diverted from the severely restricted home market.

The Minister of Industry also pointed out that a severe and continuing shortage of oil is expected in the mid-1980s as world reserves begin to run out. Investments being made now will certainly not be wasted. Indeed, the wide open spaces still hardly used for agriculture could well be used to grow the sugar cane and mandarin from which the alcohol is distilled.

Petrol stations not from Saturday night day morning, aimed at the leisure. Tolls are raised on Sundays and cities are suffering from traffic jams. Their centres more for the private car is plenty of scope. A third of São Paulo's population still work by car, as spaces are still plenty. The centre and public port, woefully inadequate. There is still only 10 for 25 inhabitants, with one for six in many, and one for the United States. So still plenty of scope. Ingenuity of the car.

Much of the last thing else. The car and government agencies experimenting with using different types of alcohol. Some have engines to run on alcohol, but this has system drawbacks, as clean a fuel.

Only time will tell right about alcohol. Brazil, severely hit oil price rise, does to be caught a second. Oil consumption is only 2 per cent a while petrol cost was down by 4 per cent.

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Struggle for survival erupts in dreams and images of supernatural

by Colin Henfrey

A few weeks ago, in the Brazilian village of Rosário do Sul, several thousand people watched expectantly as a young girl had herself crucified in order to get rid of demons. Although she was only tied to the cross, her hands and feet were slashed in pain. Sick, blind and lame people crowded the hilltop; they hoped to be healed by the blood from her wounds.

Such events and related institutions are too widespread merely to reflect a residual Brazilian primitivism. They echo the hopes of up to half the population of more than 100 million people, whose muted struggle for survival erupts not so much on the well-paved streets as in a collective imagination hungry with millennial dreams and images of the supernatural. Officially this is called popular culture, and by most academics folklore.

It also has its lighter side, from the samba rhythms of carnival to the cut and thrust of a city which must be one of the world's

richest. Yet however exotic the images, reality lies close behind them. The voodoo-like possession cults which are known as *umbanda* in the south and *candomblé* or *Xangô* farther north, provide good copy for colourful weeklies; but for most of those involved, they are basically mutual aid societies, whose meagre material resources are boosted by the supernatural.

Popular culture of this kind is usually classified as traditional. In Brazil it is marked by the influence of African slaves, folk Catholicism and the indigenous Indians, especially the Tupi-Guarani. This is accurate, but also misleading. Its richness reflects not the separate beginnings so much as the coming into being through a dogged and bitter-sweet social history, of a distinctly Brazilian people; and it does so in ways which are interwoven with modern, especially

As a colony, Brazil was unique. It was vast, yet ruled for centuries by Europe's weakest colonial power. Elsewhere the Portuguese solved this problem by doing very little more than establishing coastal trading posts. But Brazil's wealth lay not in plunder or barter, but in production, first of sugar by hundreds of thousands of African slaves, since the Indians were scattered and elusive. For their Portuguese masters, with little help from a weak colonial state apparatus, this posed the problem of how to control them. It is by this very particular background that Brazil's popular culture was moulded.

In these straitened colonial circumstances the Portuguese, up to Sauter's time, were rather more than northern European planters. Instead of suppressing the cultural traditions of Africans, Indians and slaves, they encouraged and often played them off against each other. The troops who were used against the revolts and communities of runaway slaves were almost invariably Indian.

Different African groups were attracted to some extent on to different levels of slave society. Those from Gómez to the Niger, who

had a fairly developed political and cultural background, provided the bulk of domestic and craft slaves; field hands came disproportionately from the less powerful Bantu peoples of the Congo and Angola region.

These differences live on today in the culture of north-east Brazil. People still recall landowners' patronage of the festivals of the Kings of the Congo. The stylized fighting dance of the slaves which has almost become a north-eastern sport is known to this day as *capoeira de Angola*.

The *candomblés* of Salvador, the old colonial capital, and especially those most patronized by tourists and local politicians, have distinctive rhythms and dances belonging to different African nations; these correspond closely and consciously to those of traditional West African cultures—Yoruba, Ijexá, and so on. In many cases, descendants of this aristocracy have links with Nigerian kin, and their returned to form a distinctive social group of craftsmen and traders in Lagos.

By contrast the mass of Brazilians were an independent social history and volatile, hybrid people's culture. The mainly Bantu runaway slaves set up *quilombos*, or fortified communities, like those in the backlands of Angola from which they had resisted the slavers' incursions. The survivors traded and mixed with the Indians and mainly Portuguese frontier peasants to form a new, *caboclo* culture—a word of many meanings whose gist is "peasant of mixed racial background".

From Amazonas to Bahia and the interior of São Paulo, the *caboclos* developed a rugged, subsistence way of life which blended and adapted their different skills and imaginations to common problems. Their hardships gave rise to millennial movements and their independence to banditry and bitter land struggles against the ranchers and coffee planters, which continued today.

Like their regional dialects, their *candomblés* combined Chinese, Indian and Portuguese imagery with the unifying themes of survival and freedom. In place

of the African divinities (orixás) which feature in the cults of the African nations, *caboclo* gods and spirits appeared—rumbustious cowboys and fishermen and figures from a collective memory like Ganga-Zumba, the battling leader of the north-east's most feared *quilombo*.

Today, in an otherwise booming Brazil, it is these *candomblés* de *caboclo* which are characteristic of the *favelas*, the sprawling slums of the urban poor. Their imagery, with its emphasis on healing, autonomy and natural support, as well as spontaneous entertainment, is riveted to day-to-day problems, however symbolically expressed. For instance, the theme of *caboclo* freedom, and its destruction through loss of land, is hardly remote from the all too common experience of being ejected from one city slum to another far more distant one, to make way for a new car-park or a Hilton. Far from belonging to the past, these cults are spreading and assuming new forms, especially in the southern *umbanda* which is the religion not just of the poor, but of much of the lower middle class.

These new developments are a mirror of twentieth century social history. In the 1920s to 1930s Brazil changed its policy of encouraging immigrants from Europe; instead, *caboclos* moved to the cities, while the declining north-east became the principal labour pool of an industrializing south, especially Rio and São Paulo. Immigrations had long since played their part in the moulding of the Brazilian people. Slaves had been sold southward from sugar plantations to the diamond mines and coffee estates, and throughout the twentieth century *caboclos*, their numbers swelled by emancipation, moved to new agricultural frontiers and temporary labour booms: alongside Indians, they died there in their thousands tapping Amazonian rubber, and a generation later it was they who built the new capital, Brasília.

However, the cityward migration of the 1920s and onwards was a decisive break with the past: the city of people's imagination, as well as their study of social history and urban transformations. Like the North American blues, Caribbean, Brazil and West

At the same time the Brazilian state picked up the threads of what had been mainly a feature of north-eastern society: the not entirely unwarranted image of a harmoniously multi-racial and multi-cultural pluralism, which masks and often the edges of the inequalities behind it. The intellectual spokesmen of this new self-image of Brazil was Gilberto Freyre, the anthropologist and social historian from Pernambuco. It soon became institutionalized, and like its social basis, remains so. (Gilberto Freyre was even sent to boost Portuguese morale in Angola with lectures on the Luso-tropical culture.) If only at one end of a spectrum, carnival and possession cults became both patronized and controlled by tourist departments, politicians and even business enterprises.

The result today is a culture which ranges from sambas which glorify government programmes and cults which parade the national flag, to others less visible to outsiders but far more widespread; and these, with their spontaneity, still echo the hopes and tenacity of the 50 million scarcely touched by a Brazilian miracle measured in second cars and export figures. Perhaps this deeper, creative vein of the Brazilian people's culture will help, some day, to inspire and record a different future.

The author is lecturer in the sociology and social anthropology of Latin America, jointly in the Department of Sociology and the Centre for Latin American Studies, University of Liverpool. He is working on a comparative study of social history and popular culture in the North American blues, Caribbean, Brazil and West Africa.



men making a living in the shanty town of Alagados; and the comedy of carnival.

This is the State of Minas Gerais, Brazil. See why so many international investors establish their business here.



Minas Gerais - Area and Population

The State of Minas Gerais has an area of 587 thousand square kilometers and a population estimated in 13 million inhabitants under fast urbanization. In 1948, some 75% of the population still lived in rural areas, whereas in 1970 this rate decreased to 53%.

To the investor, this population represents not only a favorable market for its products but also a labor source for all types of industrial or agricultural undertakings.

Belo Horizonte, the State's modern capital, comprises over 1.5 million inhabitants, although it is only 80 years old.

Climate

In Minas Gerais, Winter and Summer do not reach extreme temperatures. There is only a rainy and a dry season. The climate is pleasant year round. Therefore, industrial buildings do not need cooling or heating systems.

Cattle herd - The largest of Brazil

Minas Gerais, with 21 million head, is the national leader in dairy production and holds second place in the production of beef.

Steel-making, Metallurgy, Heavy-machinery - The Main Calling of Minas Gerais

Minas Gerais as the country's main producer of steel shares 45% of the total production.

The State's iron ore reserves estimated in 20 billion tons are of high content, leading the country also in the production of basic inputs for steel-making, such as cast iron, ferroalloys, charcoal, dolomite, manganese and limestone.

In addition, Minas Gerais has 150 million tons in vast reserves of bauxite, magnesite, titanium, zinc, niobium, nickel, beryllium and precious stones.

The steel production capacity in the State shall reach 10 million tons by 1980, demanding an investment exceeding 8 billion dollars.

Minas Gerais - the highest GDP growth rate

In 1977, while Brazil's GDP growth rate was of 5.5%, in Minas Gerais this rate reached 10.0%.

Minas Gerais has the largest reforested area of the country

The reforested area in Minas Gerais ranges some 909 thousand hectares of eucalyptus and pine trees. The exceptional ecological conditions for the fast growing species acclimated here permit the initial harvest of eucalyptus and pine trees at 7 and 12 years respectively, superior to Canada (25 years) and Europe (70 years). This places Minas Gerais in a privileged position in the forest, paper and pulp industry.

Cement - also the largest production of Brazil

Currently, the cement production in Minas Gerais is of 6.9 million tons. The State exhibits top quality limestone reserves estimated in 870 million tons, located between Rio de Janeiro and São Paulo.

Consuming market

Minas Gerais is in itself a large consuming market, besides being near the country's two largest markets, São Paulo and Rio de Janeiro, offering national and international investors an excellent infrastructural basis.

Minas Gerais is the best choice for your enterprise

Today, well-known international enterprises participate of the development of Minas Gerais, which offers the best conditions for the expansion of your business. Also, Minas Gerais has an assortment of touristic attractions.

Its historical cities as the internationally known city of Ouro Preto, are truly architectural monuments of the colonial and baroque art. Also, the country's major mineral water spas are located in the State, in addition to beautiful caves and lakes that attract thousands of tourists every year.

These are some of the enterprises which chose the State of Minas Gerais:

Mannesmann	Fuji
Krupp	Demag
Fiat	F.L. Smith
General Motors	GHM
Peugeot	Salzgitter
Mitsubishi	General Electric
Toshiba	Mitsui Co.
Alcan	Mitsubishi Heavy Industry
Latarge	British-American Tobacco
ARBED	Union Carbide
British Oxygen	Nestlé
Union Carbide	Westinghouse

It is not by chance that the most strategically located Brazilian state is called Minas Gerais (general mines), in addition to its privileged geographic location its name is self-explanatory: the general mines mean Brazil's main raw material source and probably one of the world's largest mineral reserves.

Minas Gerais is located next to the Country's largest consuming markets, São Paulo and Rio de Janeiro. The State exhibits a modern transportation system, being linked to the large exportation ports, and has abundance of electric power, modern telecommunication network and avails of abundant labor.

In addition, Minas Gerais has an efficient system of support and assistance agencies for investors interested in investing in this State. The most outstanding are SICT - Secretaria de Estado da Indústria, Comércio e Turismo; BDMG - Banco de Desenvolvimento de Minas Gerais; INDI - Instituto de Desenvolvimento Industrial de Minas Gerais and CDI - Companhia de Distritos Industriais de Minas Gerais.



SECRETARIA DE ESTADO DA INDÚSTRIA, COMÉRCIO E TURISMO

(State Secretariat of Industry, Commerce and Tourism)

SICT is the organ which coordinates the Operational System of Industry, Commerce and Tourism, executing the projects and programs of economic development of the Government of the State of Minas Gerais, Brazil.

For better realization of its services, SICT has 8 Superintendências each one responsible for subjects specific to its area:

- SUCEX - Superintendência de Comércio e Exportação
- SUPIND - Superintendência de Indústria (Superintendency for Industrialization)
- SUTUR - Superintendência de Turismo (Superintendency for Tourism)



BANCO DE DESENVOLVIMENTO DE MINAS GERAIS

(State Development Bank)

As Brazil's largest state development bank, BDMG has financed the establishment of hundreds of industries and industrial expansions in the State of Minas Gerais. Besides promoting the development of joint-ventures, BDMG will also join companies wishing to benefit from all of the opportunities offered by the State of Minas Gerais.



INSTITUTO DE DESENVOLVIMENTO INDUSTRIAL DE MINAS GERAIS

(Industrial Development Institute of M. Gerais)

INDI's specific purpose is to accelerate the State's industrial growth, researching and identifying the industrial opportunities of Minas Gerais and promoting them with potential investors, through the elaboration of feasibility studies, location, market and other special studies; or yet providing assistance to enterprises in the development of their own projects; promoting joint-ventures, offering assistance in the follow-up stage in the governmental area, of the investor's application for financing incentives, industrial sites, electric power, etc.



CDI-MG - COMPANHIA DE DISTRITOS INDUSTRIAIS DE MINAS GERAIS

(Industrial Districts Company of Minas Gerais)

CDI was established to design, build and administer industrial districts with complete infrastructure: urbanization, water, electric power, transportation, telecommunication networks, etc. The acquisition of industrial areas may be granted in the long run. CDI promotes leasing of industrial buildings built according to the enterprise's specifications. Minas Gerais has 14 industrial districts in strategic regions of the State, at the investor's choice. Until the end of 1979 CDI will count on 30 industrial districts in Minas Gerais.



Shanties on the floodlands at Salvador, Bahia. Top: Buses circulate freely in Sao Paulo since the ban on private cars from city centres to save petrol.

by Patrick Knight

Disraeli considered that Britain was two nations, with a gulf separating them. If that was true of Britain, it is much more so of Brazil today. Although there are many reasons why the gap still persists, it has one fundamental root.

To a far greater extent than the United States, Brazil was for a long period a slave state. Slavery was abolished there far later than in the States. Whereas in the United States the large estates of the South were counterbalanced by and eventually overwhelmed by the social and political consequences of mass migration of small families into the north and west, this did not happen in Brazil. There are still two categories and what

is intolerable for one is the norm for the other.

It is fashionable to blame the military governments which have ruled since 1974 for the troubles caused by an unequal distribution of wealth. But it is not really true that things have got significantly worse during the past 14 years. Despite rapid economic progress, they have nevertheless got little better. The gap is as wide as ever. Differences are startling. They are marked both between regions of the country, and within the regions.

The much heralded "economic miracle" of the late 1960s and early 1970s really was a miracle. It was, perhaps, a quarter of the 110 million population. The previous Finance Minister, Senhor Delfino Neto, again candidate for high office, once remarked: "I am the Finance Minister to 20 million Brazilians." He was

The gap between the north-east and the south-east, for example, has not narrowed at all during the past decade.

The technocrats claim that the region has grown at the same rate as the country as a whole, but it was starting off from a much lower base point. The gap between north-east and south-east is far wider than before. The average north-easterner earns \$500 or less, a third of that earned by his brother in Rio de Janeiro, as Brazil's per capita average income moves above the \$1,000 mark. Ten years ago the gap was only \$200. Differences are not restricted to income.

Although Brazil has started on a course of providing social and medical services, they are patchy. Less than a third of the total labour force has access to them. Only those in established urban employment can claim free medical attention. Unemployed workers, who form not less than a quarter of the labour force, much more in job-hungry regions like the north-east, are not attended.

Nor is the vast contingent of farm labourers, 45 million with their dependants. They have to fend for themselves and pay for their medical treatment, although they usually earn a fraction of the urban wage. The further away they are from the cities, the more a visit to the doctor costs in a country where the laws of the market rule. Life expectancy in the north-east is 12 years less than in the south. One hundred and fifty infants out of every thousand born die before they are a year old compared with 65 in the south. The region's fundamental trouble is the lack of jobs.

This has been made worse in recent years by the adoption of an economic model which favours the large scale, capital intensive enterprise at the expense of the smaller scale labour intensive ones. The number of jobs increases by only 1.2 per cent a year in the north-east, while population grows at more than twice that rate. In Recife, the region's largest city, 300,000 people earn less than half the minimum wage, about £25 a month. This is considered to be insufficient to feed and support a grown man in this high-cost country. Almost a third of the workforce in the north is unemployed. Many farmworkers earn only £50 a year, as there is work for them during only two months.

In order to fuel the economic miracle, policies which encouraged the flow of capital from the less developed regions to the more developed ones were adopted. For example a value-added tax on manufactures is paid by the consuming states to manufacturing areas.

As the north-east produces only 4 per cent of Brazil's manufactures, while São Paulo accounts for 70 per cent, \$500m flows from the north-east to the south every year by means of this tax. This is more than is supposed to flow north under fiscal incentive schemes designed to develop the region. These have proved very little use in creating the hoped-for solutions. More jobs have been destroyed than created.

If regional differences are great, and getting more acute, contrasts within Brazil's cities are no less striking. Tens of thousands of homeless, unqualified people continue to flow to the cities in search of work each year. By the early 1980s, Brazil will be an overwhelmingly urban society. Almost 100 million of the by then 140 million population will be living in grossly overcrowded cities, most of them just half a dozen miles from the sea. The pressure of oil, because of the pressure, land speculation has been intense, and a small plot in Rio de Janeiro or São Paulo costs as much as a reasonable suburban home in Britain.

While 40 million Brazilians still earn less than the minimum wage, about £25 a month, salaries paid to the elite are far greater than those paid to their equivalents in North America or Europe. An executive frequently earns \$7,000 a month. Because of the scarcity of qualified people, brought about by the very rapid growth of the past few years, an executive can pick, choose, and then name his price.

The gap between the lowest and the highest paid here is 300 times, compared with eight in Britain. As a result, a select few are able to live in astounding luxury. The five-car, 10-servant family is no rarity in certain quarters of Brazilian cities. The \$1m apartment has made its debut. But this is only for the top 5 per cent.

As things get ever better for the lucky few, they get worse for the majority. There are now 1,250,000 people living in favelas, or shanty towns, in Rio de Janeiro, and the number is increasing by 30 per cent a year. A Brazilian favela home makes the average British garden shed appear like a luxury home.

It is made from a motley collection of scrap wood, cardboard and flattened tins. Even in São Paulo, Brazil's industrial heart, where 40 per cent of the country's capital is concentrated, 400,000 people live in favelas. Another two million live in precarious housing on the city outskirts. Health conditions have deteriorated in the cities as a result of the pressure. The infant mortality rate in São Paulo has almost doubled in the past 10 years.

Although an impressive programme of mass services improvements has been undertaken in the past few years, the world hardly keeps pace. In any case, many people have not the money to pay for the installation or them during only two months.

market rate, and mains water and drainage costs about £3 a month a person, a tenth of the minimum wage.

The average urban Brazilian has five square yards of living space, a third of the standard minimum. There are five square metres of open space for each inhabitant in São Paulo, compared with 25 in Paris and 80 in Amsterdam.

The city has 13 public libraries and four public swimming pools for a population of eight million people. This does not, of course, affect the rich. They have their own private pools and beach homes near Santos.

So far, Brazilian governments have been more concerned with building the country into a great economic power than with social matters. By the year 2000, Brazil plans to have carved itself a place at all the top tables. Perhaps then serious attention will be given to standards of living. The danger is, of course, that in 20 years' time the questions may be so immense as to be unanswerable.

Rio de Janeiro is the world's second most violent city. There is a murder every ten minutes, armed robbery with violence is commonplace. In an attempt to control the crime rate, the semi-official death squads, often formed from off-duty policemen, perpetrated more than 100 killings of petty criminals, poor encouragement for mothers, last year. Early in February, a thief was tied to a tree and beaten to death by a mob led by security guards; there have been 20 such killings in the past 10 years.

Psychologists say accumulated frustration and hate caused by poor living and working conditions are responsible. But even the most furious death squads can do little in the face of 30

Tale of two worlds

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Handwritten signature or mark.

Broadcasting informs the masses where few can read

an Rocha.

Paulo's new subway line already has a rival. London's hut is one striking difference. The defensive forest newspapers is entirely new. It is easier to find a station with a transistor radio than a newspaper. The paper kiosks are everywhere. They are reading magazines, newspapers, and even the daily paper. The paper is not even a newspaper. It is only four million out of a population of 15 million—and even this figure is considered exaggerated by some.

Twenty per cent of those who live in the favelas of Rio de Janeiro, São Paulo, Minas Gerais, and other cities are middle class. Fewer than one in five are ever seen in a newspaper. It is surprising because out of just one paper, 10 per cent of the population reads it. The rest of the population reads it in a newspaper.

addition, although a literacy program has been in place for years, the literacy rate is still low. The literacy rate is still low. The literacy rate is still low.

ally there is the geographical factor. Huge distances mean high transport costs. Paper is expensive. It is expensive. It is expensive.

in remote places they are not even a newspaper. It is only four million out of a population of 15 million—and even this figure is considered exaggerated by some.

late. This explains the success of the weekly newspaper, *Veja*, which claims a circulation of more than 270,000 throughout Brazil thanks to an energetic subscription programme.

The real mass media are radio and television, which reach up to 95 per cent of the population. Seventy-five per cent of the population has a television set, and 1,000 radio stations provide Brazilians with news, information and opinion, heavily interspersed with commercials.

In the Amazon the population has acquired the habit of listening to Portuguese radio broadcasts from abroad. Radiobras, the state radio company, is setting up short-wave transmissions to the area to compete with Radio Mayana, Radio Moscow, Voice of America and the BBC.

All radio and television stations are government concessions that can be withdrawn at any time. São Paulo's Catholic radio station, *Nova de Julho*, had to close down four years ago when this happened, depriving the world's largest Catholic diocese of a valuable communications vehicle. No reason was given.

Censorship is beginning to relax a little. News editors no longer have long lists of forbidden topics pinned up above their desks but there are still telephone calls asking for a certain subject not to be mentioned. Most television news departments play safe by avoiding "hot" subjects.

This can lead to the absurd situation of a news reader reading a government denial on a subject of

which the audience are ignorant because it has not been mentioned before on the screen.

Senhor Samuel Weiner, a veteran São Paulo journalist, described this as the "dictatorship of disinformation". The government propaganda agency, ARP, floods the screen with beautifully produced films preaching peace, solidarity and progress and setting out, under families and symphonic music.

According to an advertiser's survey São Paulo television shows 25,000 government commercials a year, or 69 a day, nearly four times as much as the top product advertiser and all free.

This one-sided situation is even more obvious at election time thanks to the Lei Falcão, named after the Minister of Justice, which forbids any party containing candidate's name, age, profession, interests and, on television, a picture.

Even the permitted two party political broadcasts a year were suspended last year after the opposition Congress leader, Deputy Alencar Furtado, used one to criticize the Government and mention alleged victims of repression. The programme also cost Senhor Furtado his mandate.

Television and radio, reaching into almost every Brazilian home from the favela shack on a Rio hillside to the stilt hut of an Amazon river-dweller, is not a weapon of national control for an authoritarian government to relish relinquishing. Freedom of information is

therefore the privilege of the urban newspaper reader.

Even so, the average daily circulation in Rio and São Paulo, with their combined populations of 15 million, is only 80,000. Of the four "quality" publications, the liberal-conservative *O Estado de São Paulo*, one of the world's top papers according to UNESCO, claims 180,000. *Idoconceira*, like any family-owned newspaper, when subjected to daily censorship during the Médici Government, it published epic poems and cooking recipes in the blank spaces left by the censor's blue pencil.

After years of being a small second rank, the *Folha de São Paulo* suddenly brightened itself up with a team of outspoken commentators and editorialists. Circulation rose but the hard-hitting articles on human rights and income distribution were not appreciated in Brasília and to avoid personal financial trouble the owner was forced to retire some of his writers.

In Rio, *O Globo* is a government mouthpiece which also specializes in thorough crime coverage, and the *Jornal do Brasil* presents a conservative Catholic viewpoint and harbours the country's top political columnist, Senhor Carlos Castelo Branco.

These papers can print whatever they like: only self-censorship or self-interference stand in their way. There is only one daily paper still under permanent censorship because it insists on calling a spade bluntly a spade. This is, the Rio *Tribuna* de

Imprensa whose editor, Senhor Helio Fernandes, in spite of imprisonment and exile to a remote island, still believes in "publish and be damned".

In São Paulo other victims of permanent censorship are the Catholic paper *O São Paulo*, a result of the presidential dislike for the Archbishop Dom Evaristo Arns, and *Movimento*, a political weekly.

What makes the censorship particularly hard to cope with is its unpredictability. Topics freely dealt with in the dailies are vetoed. Some papers are censored out of existence like *Opinião* and *Ex*. Others, like *Paqueta*, are freed from censorship and can build up a respectable circulation of 40,000, mixing their politics with sex and humour.

In spite of the harassment, alternative publications continue to sprout. One of the most original is *Veja*, a São Paulo monthly covering generally neglected subjects like Afro-Brazilian affairs and Latin American culture. The alternative press appeals mostly to students and intellectuals and has to make up for small circulations with high prices.

Contradictions are apparent again when officials' concern for "morality and good customs" is invoked to justify censorship of another thriving area of publications—men's magazines. Although the picture magazine, *Manchete*, can publish pages of near-nude carnival revellers, the men's magazines must content themselves with blurred nipples and censored poses.

The demand for censors to cope with all these activities has grown so much that regular entrance examinations are now held for applicants.

Journalism offers many potential hazards. A slip of the pen can mean indictment under the severe law of national security. Last year it happened to the São Paulo columnist, Senhor Lourenço Deaferia, for making what were interpreted as rude comments about the statue of the Army's patron.

At times of ideological witch-hunts, journalists are one of the obvious targets, when "communist cells" are discovered in newspaper offices. In 1975 one of the dozen arrested in São Paulo was a television news department head, Senhor Vladimir Herzog, who died a few hours later. A fellow prisoner said he had been tortured.



There is more to Brazil than meets the eye.

MINISTRY OF INDUSTRY AND COMMERCE

EMBRATUR
BRAZILIAN TOURISM
AUTHORITY

Football hysteria reaches a new pitch

thians' star player, Pelinho, aged 27, bursts through to score. Pelinho was the subject of the most intensive transfer between two Brazilian clubs when he joined the São Paulo club from Cruzeiro, of Minas Gerais, for a fee of 7m. cruzirens (about £218,000).

ans gazed with amazement at the strange round object. Charles was unpacked from his suitcase on returning from abroad in 1894. Football? The Brazilian-born son of Irish expatriate parents, come to school to Brazil, and he set about the game to fellow players of the São Paulo Club. Soon the men and Canadians transpiring telephone lines had formed teams the first league was set up. In 1910 the Corinthians Club came into existence.

national champions, are planning to build a stadium holding 200,000. Brazil hopes to become champion for the time, in Argentina. sport imported from abroad has come a long way. It is difficult to go far without being reminded of it. Any patch of ground, beach or street invariably has a football game going on. The incoherent voices of commentators blare car radios, open win and transistor radios. on a television set, 11 six channels could wing a match.

the television news the football results (the main news—and when there is no game they are shown doing so). They say there 0 million football in Brazil, and this fanatical enthusiasm game means that sports are almost d. While scores of an soccer players are nationally known, only driver Emerson Fittipaldi and tennis player Ester Bueno have comparable fame in sports. Football is big business, kings for 378 games in

the São Paulo championship last year were 14m. Top radio commentator Osmar Santos, reporting, earns 10,000 a month. Brazil's effort to win this year's World Cup will cost each of the 110 million Brazilians more than £10 more than a week's wages for many of them.

"If money runs short I personally ask the President of the Republic to give me some more," Admiral Heleno Nunes, president of the Brazilian Sports Confederation, says. The magazine *Lito* explains "Football is a priority subject and they spend what they don't even have to make the Brazilian team the best".

Many of the big clubs run up huge debts with the Government owing to pay national insurance contributions for years and years. A way round is usually found. Senhor Shigeaki Ueki, the Minister of Energy, son of Japanese parents, once lamented the spending of \$300,000 on two million litres of petrol—which Brazil imports—when hordes of Corinthians supporters invaded Rio for a semi-final, but he is a voice crying in the wilderness. Political dividends of the national craze have been eagerly sought by governments. In 1976, a year of local elections, a jingle went around: "Onde a Arena vai mal, pomba o time Nacional", or where the government party is doing badly put the local team in the national championship. As a result, it has swollen from 15 teams in 1967 to 72 in 1977, and next year there will be at least 78. Although a team like Ponte Preta, included in an unsuccessful attempt to elect its president mayor on the government ticket, later justified its wish an electoral performance, it is hard to see what the team of Chapeco from a

tiny Santa Catarina town is doing alongside the big Rio and São Paulo teams.

But the man who decides, Admiral Heleno Nunes, also happens to be the president of the government party arena in Rio de Janeiro. In São Paulo, Lauro Nete's choice as governor was helped by his efficient administration of the São Paulo club, and the present governor, recently abandoned his old team São Paulo to appear cheering on the 'victorious Corinthians, the people's team, when they became champions after 22 years without a title.

Many football players have used their fame to become councillors or deputies. One of the few to stand for the opposition was Brazil's ex-team-masseur, now a city councillor for São Paulo. Governors apply massive funds to build huge stadiums, like the one for 50,000 built by the governor of a poor north-east state: it holds a sixth of the entire population of his capital.

President Geisel's predecessor, General Médici, greatly aided a populist image by his enthusiastic presence at soccer games. Brazil's World Cup victory in Mexico in 1970 became a public relations exercise for the Government. President Geisel, on the other hand, like his energy minister, has never pretended to have the slightest interest in soccer, and only Dr Henry Kissinger, on a visit to Brasília as Secretary of State, managed to drag him to a game.

The Brazilian passion for football is encouraged by politicians, but its results are often unpredictable. After a Corinthians victory, productivity in the São Paulo car industry rose by 14 per cent, but after a defeat, it was the work acci-

dents that go up—by 17 per cent.

Stadium police relieve fans of hundreds of knives, razor blades and guns. But infuriated supporters fire rockets at the referees, reflect the sun into opposing players' eyes and once even released a swarm of bees among rival fans.

A goal is greeted with hundreds of rockets, smoke bombs and thousands of fanatically waved flags, some of them bigger than the people holding them. The two-metre deep ditches and wire fences topped with barbed wire are not enough to stop maddest fans invading the pitch.

It is the São Paulo Corinthians that provoke the most fanaticism: after winning the championship last year, mass hysteria took over the city. The governor wisely decreed a holiday, and for four days thousands danced and drank in the streets. At least one fan was found dead wrapped in the club flag, victim of alcohol, hunger and ecstasy.

Thousands of others began to fulfil the promises they had made to the saints—Catholic, voodoo, or both: to be on the safe side! And the sociologists, anthropologists and psychologists began trying to explain the mysticism, the passion aroused by the victory of a team that for 22 years had lost. Most of them saw it as alienation.

"Cheering on Corinthians is the only joy for a population that works and suffers most of the time... It's a way of not giving up. They are not cheering on the team—they are cheering on themselves," one man explained. "Without Corinthians there would not be any emotion in the world. There would be no sense in living."

J.R.

ADVERTISEMENT

ACOMINAS GERALS S.A. Ouro Branco: Brazil's Newest Steel Complex

BRITAIN HELPS BRAZIL BUILD STEELWORKS

Considered one of the most important steel production projects under construction in Brazil, the Acominas Steelworks will start operations in 1980. The initial production capacity is 2 million tons per year which can be increased to between 3 and 10 million tons.

The steelworks itself occupies an area of 10 million square metres, although the entire area taken up by Acominas covers 100 million square metres. These include industrial and support installations as well as living quarters.

Situated in the county of Ouro Branco between the counties of Coqueiros and Conselheiro Lafaiete, in the state of Minas Gerais, the steelworks is practically linked to the national railway system through the federal railway network. The Vitória-Minas Railway, the Leopoldina Railway and, in the future, the "Steel Industry Railway". The maximum distance between the steelworks and these railways is 10 kilometres, which guarantees the easy supply of raw materials and the outflow of production. The steelworks is 6 kilometres away from the BR-040 highway, and should be linked to it by a modern road by April this year. By means of this highway, the steelworks will be linked to the cities of Rio de Janeiro, Belo Horizonte and Brasília. Due to an intersection between this highway and the BR-381 (Belo Horizonte-São Paulo highway) the steelworks will be linked to the rest of the country.

During phase I of operations, Acominas will produce annually 600,000 tons of medium sections, 700,000 tons of heavy sections and rails, and 300,000 tons of semi-finished products.

The state of Minas Gerais was not chosen as the starting point of steel production in Brazil just by chance. In spite of having the world's richest mineral reserves.

The first industrial iron foundry industry in the country was established in that region during the 18th century by Baron Eschwege. During this century permission for the construction of a steel-works in Vale do Rio Doce was authorized, but Acominas Gerais S.A.-Acominas, only came into existence in 1965 and dedicated the best part of its initial period to the task of consolidation.

The actual implementation of the project started on the 18th of August, 1975, when the government of the state of Minas Gerais took over the company's equity control. Later handing it over to Siderbrás-Siderurgica Brasileira S.A. On February 18th, 1976, the President of the Republic signed (authorization for the National Council for the production of non-ferrous and steel products) Resolution Number 37, approving the pre-feasibility studies for the Acominas steelworks.

THE ACOMINAS PROJECT.

The Acominas project encompasses techniques and policies resulting from Brazilian experience in the use of integrated steel production. The project includes several innovations, among them the financial resources plan, engineering, contracting system, project management and an entirely new urban project encompassing Ouro Branco as a completely new town.

The diversification of the financing sources together with the foreign economic situation led to the interest of European financial institutions in the Acominas project, thus allowing the creation of a completely different structure within the Brazilian steel industry. Foreign bankers and suppliers joined efforts with the company, financing its equipment and further guaranteeing an additional amount in dollars equal to the value of the imported equipment, for the purpose of covering the costs, in Brazil, of the civil construction and erection works. This financing is contained in the memorandum of understanding signed in London on the 7th of May, 1976, with President Ernesto Geisel visited the United Kingdom.



President Geisel with Mr. Callaghan

On the other hand, the BNDE (National Bank for Economic Development) also participates through its agency—Finame—guaranteeing the necessary resources in order to attain a 60 per cent content of Brazilian manufactured equipment. The total amount of investment US\$3,453 million, includes financing of US\$2,073 million, and liquid assets totaling US\$1,380 million. The loans for financing are split in the following way: US\$505 million in Eurodollars, US\$517 million in export credits and local costs US\$832 million (in Cruzeiro equivalent) through Fioame, and US\$304 million in other forms of internal financing.

The liquid assets which total US\$1,380 million, are made up—in Cruzeiro equivalent of subscribed capital—of the following amounts: Siderbrás—US\$828 million; state of Minas Gerais—US\$276 million; others, including suppliers—US\$276 million.

The allocation of the resources has been divided in the following way: fixed investment: US\$3,092 million; working capital: US\$226 million; pre-operational expenses: US\$35 million. The total amount of fixed investment is divided between the plant (US\$2,426 million), infra-structure (US\$179 million); engineering, management and interest during construction (US\$487 million).

Rather than present an underestimate for financing, for easy approval Acominas appeared to submit a realistic budget which apparently increased the investment per ton per annum installed to US\$1,730. It so happens that this amount includes, among other expenditure, working capital in the amount of US\$163 million, allowance for readjustments in the amount of US\$309 million, pre-operational expenses and personnel training, which when added up reduce the investment to US\$1,200 per ton/year installed. Added to this, for technical reasons, part of the equipment allows for an increase in production which means that with complementary investments, the initial steel production capacity of 2,000,000 tons per year can be increased to 4,000,000 tons per year which would mean a reduction in investment that would be under US\$1,000/annum installed.

ENGINEERING

The project for the new steelworks envisages a joint effort by Brazilian companies in order to build and operate the new industrial complex, with Brazilian engineering supplemented by foreign aid in highly technical areas. For this purpose Acominas signed a contract for technical assistance with Usiminas which foresees the absorption of labour of 400,000 man hours until 1980. Work which is being undertaken at present involves basic data for the studies of the steelworks and its layout. PRELIMINARY WORKS PROJECTS—provisional camps to house 21,000 workers are already being built as well as 1,000 houses of the envisaged 6,000 will become the first residential nucleus of the project—general specifications, plan-planning, a budget listing for package deals, pre-qualification of suppliers, purchase specifications and the approval of drawings, and technical assistance during construction.

Both the deadlines and the independently negotiated financing conditions caused the company to establish a system of direct contracting, which has produced very good results.

In this manner, 11 months after clearance by Congress, i.e., after obtaining the approval to begin the project, the company had already signed the contract for the supply for the first big unit—the blast furnace (in February, 1977). The contract with an estimated value of US\$85 million was signed with Davy Ashmore International, one of the signatories of the Memorandum of Understanding, while the financial resources were furnished by Morgan Grenfell for the purchase of British equipment (blast furnace, boiler mill, coking plant and rolling mill buildings), in total a sum of £170 million.

The system of direct negotiations, as opposed to tendering, has already produced satisfactory results: a 10-month decrease in the implementation schedule and only a 6 per cent increase on the original estimated cost, as well as the purchase of 85 per cent of the equipment for the Ouro Branco Steelworks which amounts to US\$914,395,000.

Throughout last year contracts involving equipment, spares and erection supervision, which represent 17 packages, were signed and which means that there are now only 11 packages still to be signed. As far as management projects are concerned, 3 out of the 7 contracts foreseen have already been signed.

Apart from considering the alternative opportunities for the supply of raw materials, Acominas is also very aware of the global policies involving human resources, information input, commercialization, procurement and transportation. At the moment there are 80 university graduate professionals and 54 industrial technicians under training at Usiminas, before starting in the Ouro Branco steelworks in 1980.

When it goes into phase I of operation, the Ouro Branco steelworks will have 5,690 direct employees—and produce 2,000,000 tons per year. During the construction period there will be about 20 thousand workers, a number which will reach 30 thousand workers in the peak period at the end of 1979. In the beginning of 1978 there were 8,000 working on the construction of the steelworks.

An important socio-economic repercussion is being felt in the United Kingdom. In Sheffield, David Looney are building the Blast Mill. In Midleborough, Redpath, Dorman Long are fabricating the structural steel of the buildings that will house the rolling mills complex. In Stockton, Davy Ashmore International are manufacturing the equipment that makes up the blast furnace plant. Woodall Duckham, of Crawley, are manufacturing the equipment of the coking plant. All these supplies are being made through the prime contractors Davy Ashmore International of Stockton.

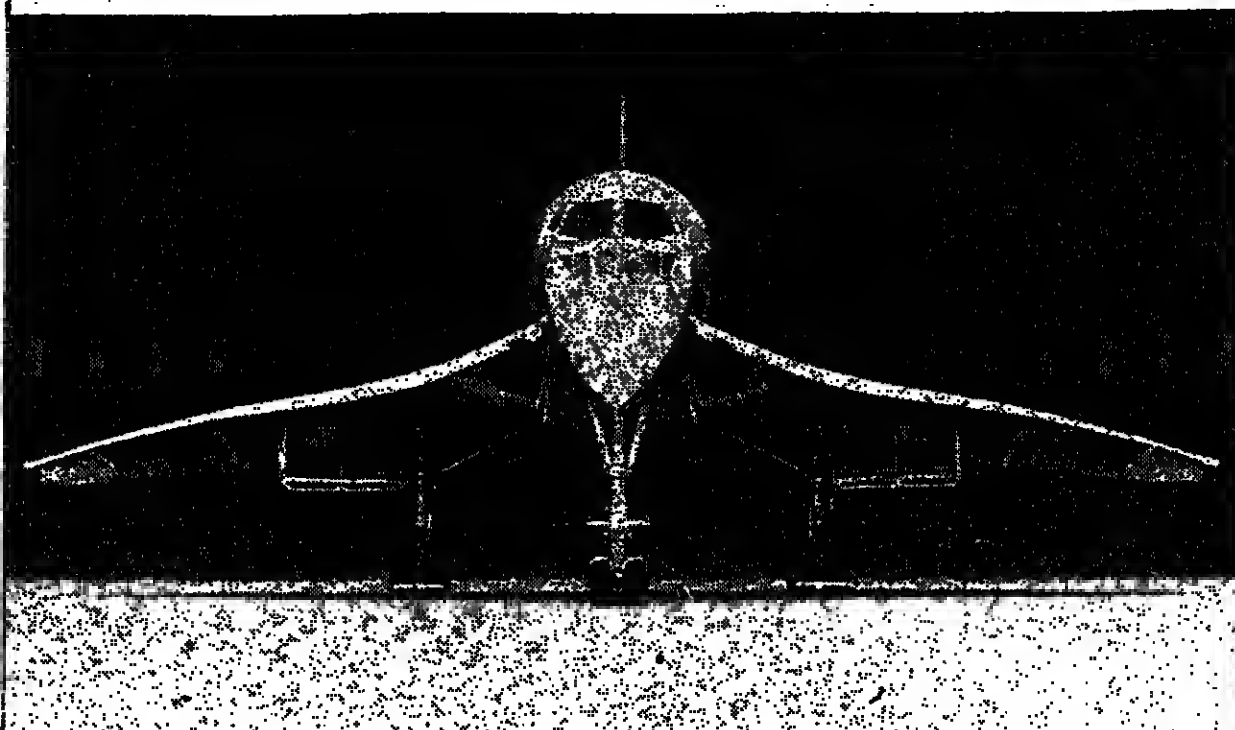
BRAZIL IS THUS HELPING BRITAIN, IN TURN WITH CONTRACTS WORTH £170 MILLION WHICH IS PROVIDING HUNDREDS OF JOBS.

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A riverboat on the Amazon at Manaus, a thousand miles from the sea.

Jungle story, or how the west is being won

by Patrick Knight

They will be making dramatic films showing the opening up of Amazonia in a few years' time. All the ingredients are there: Indians fighting for survival, valuable minerals, land won at great sacrifice, then lost again.

Great forests are being destroyed, wild life wiped out. There is violence and treachery. What is happening as Brazil's frontiers are pushed back must resemble the United States west a century ago. Armies of people are flowing to the region in what has become the biggest immigration in Brazil's history.

Some have been uprooted by force, others are in

search of a better life. For a tiny minority, the adventure is successful; for many more, the journey in search of fortune turns into disaster. Because Brazil's new lands often turn out to be disease-ridden traps there are many snares for the weak and unwary: it is a ruthless survival of the fittest, and the gun rules.

There is no safety net for those who trip. During the previous government of General Emílio Médici, between 1969 and 1974, it was decided to open up the empty lands of the Amazon jungle. This vast area, drained by the largest river in the world, forms more than half of Brazil. But so far it produces only 5 per cent of GDP and 8 per cent of Brazil's 110 million live there. Médici's government was preoccupied with the potential power of Brazil's poorest region, the north-east. A third of Brazilians still live there, and it is still desperately poor.

Only a minority have jobs and a reasonable standard of living. Incomes are about a third of those in São Paulo, half the national average. To try to relieve the pressure there was an important reason for building the Transamazônica road, that great red-line on the map which runs from east to west. It was planned for hundreds of thousands, if not millions, of north-easters to push west along the Transamazônica to carve out a new life for themselves in the jungle.

In fact, few from the north-east were tempted by the bait. Although poor, the region is socially the most developed part of Brazil. Age-old traditions and a strong family structure hold people there. Many young people emigrate to the cities of the south in search of jobs and fortune, but most do not want to make a permanent new life for themselves. They plan to return, and many do so.

In the rush to get the interior opened and make a lasting mark during his government, great mistakes were made by Médici. Almost no medical or social facilities were set up. Many families were completely wiped out by malaria and other diseases, which gave the whole experiment a bad name.

Although the Transamazônica road was not successful as a safety valve, the cutting of two big roads running south to north has been. Both start in Curitiba, capital of Mato Grosso state. One runs to the city of Santarém, half way between the two better-known Amazon river-bank cities, Manaus and Belém. The other is the Foz de Iguaçu to Manaus road, which now also continues to the Venezuelan border.

Both were opened about a year ago and tens of thousands of emigrants have flocked along them. They have repeated a phenomenon which occurred with the building of the first great south-north road, the Belém-Brasília, along which a million settlers new life. Those population movements have come to relieve the pressure in the south of the country. More recent immigrants from Europe have been pushed off the lands they were farming by profound changes in agriculture.

The development of soya has pushed up land values by 1,000 per cent. Small farmers have been relentlessly expelled, and have faced the choice between the overcrowded cities and appearance of Amazonia. Dr Warwick Kerr, director of the Institute for Amazonian Research at Manaus, has stated that if present trends

continue, the Amazonian jungle will have ceased to exist in 20 years' time. Some of the immigrants are being settled by the agricultural reform agency on to defined plots, where soils are known to be fertile. Thousands more just squat wherever they are and they do the same thing: cut down the forest, burn the trees and plant rice.

Amazonia certainly has some fertile parts, but perhaps as little as 4 per cent. These lands, mainly along the river banks, can support a wide range of crops. Experiments have shown that cocoa, coffee, soya and many others can do very well. Yields are high, and there is apparently no great threat to the fragile Amazonian forest. Although in appearance so lush, the jungle consists of trees growing on a thin soil cover and feeding on their own wastes.

When the trees are cut down, the whole area becomes little better than a desert. Rainfall is reduced, as is the water in the permanent cycle between forest, ground and clouds. As a result, temperatures rise, while rivers flood more in the rainy season. The previous government also decided to encourage rapid development by allowing companies to cut their tax bills and receive cash incentives as well if they used their profits to clear Amazonia.

Many firms took the bait without thinking about it much, and set aside vast tracts of land for cattle-raising to qualify for their cash. Almost invariably, the results have been disastrous. Erosion has removed the fertile cover, land has been compacted by heavy machinery and has often ceased to yield.

Far away from a large market, transport costs make the forest produced very expensive. Apart from the threat to the ecology of Amazonia, and the long-term effect of the disappearance of so much forest on the world's temperature and rainfall which has yet to be accurately computed, there are other serious side effects.

Loaded lorries jolt their way north through mud and dust, piled high with all the worldly possessions of families of blond, blue-eyed settlers from Paraná and Rio Grande do Sul. But they are now meeting similar lorry loads returning south. Often destitute, racked by disease, frequently maimed during the tough clearance of the forest, having lost money, hope, health, and sometimes lives in the unequal struggle against the jungle.

In many cases these families are bringing back diseases which have been almost eradicated in the south. Malaria, bilharzia, Chagas' disease, tuberculosis, all occurring again, threatening the overcrowded cities of São Paulo and Rio de Janeiro. A tremendous price is being paid by tens of thousands of Brazilians, many deluded by the dream of owning a plot of land and becoming rich.

As so often, those who pay the price will not reap the reward. Riches are being found, ground being cleared but those who will benefit will be the bankers, large-scale farmers and industrialists.

They are already buying land from the defeated settlers, or employing armed gunmen to push the squatters off land cleared with so much effort. The Brazilian Minister of the Interior said two years ago that he would like the Indians to be integrated into Brazilian society as soon as possible, for there to be none left in 20 years' time. If the Brazilians with whom the Indians were being forcibly integrated so fast were a representative cross section, and had the good qualities of the gentle and generous Brazilian people, integration might not be a bad thing.

When given the choice, most Indians chose the advantages of the twentieth century, to their simple but precarious and limited life. The problem is that they are being integrated whether they like it or not, into a rough and tough part of society which has no respect for, or patience

with, their values. As a result, they are being out by disease, as well as by violence. Their lands are being encroached by the hungry for whom a sack of rice is worth more than a human life.

It is easy to point the finger of blame. Those responsible for setting the Amazon jungle on fire are household names: Europe and North America with millions of dollars. The consumers of the West are also benefiting from the food prices are kept down at the expense of the Indians. Everything, however, is unlikely that the pessimistic prognostications of Amazon institute's will come true.

Emigration to Amazon is now slowing, as a result of the latest misty Firnas are preferring their taxes to leave there, while the Government is less enthusiastic about Amazonia's most valuable resource, its high-quality timber. It is probably the most valuable resource. Reserves have been estimated to be 550,000,000. Almost a month a new and significant find of some small announced.

First, it has the world's largest reserves of iron ore, then tin, now uranium, diamonds, coal, and recently gold, perhaps 25 kilos of meat a year. None of these trials worked out as planned. Nature cannot be tamed in Amazonia, only tamed

SUBSTANTIAL GROWTH IN 1977

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Share Capital and Reserves increase to
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(1976: Cr\$ 2.373.800.000,00)

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HOME NEWS

Undercover moves meant sacrifices of a kind expected only in wartime

Judge praises 'amazing' work of Julie squad

Present in court were 21 members of the original 25 of the Julie undercover team, as well as senior officers. On Wednesday 17 members of the drug plot were jailed.

With the team were their operational chief, Mr Dennis Greenhouse, Deputy Commander of No 7 Regional Crime Squad based at Bristol; Mr Barry Hall, Assistant Chief Constable of Wiltshire; and Mr Cyril Vaughan, Deputy Chief Constable of Dorset and Dorchester.

Many of the officers were wearing a 'special Operation Julie' badge, designed by Det Constable Alan Morgan, of Avon and Somerset. It showed a figure representing the 11 police forces from which drug squad officers were selected for the team. Inside the circle is an ear of rye, from which the basic substance for producing LSD, ergotamine tartrate, is derived.

Mr Justice Park said he could delay no longer the public expression of his admiration for everything about Operation Julie. The media had rightly given tremendous coverage to the 'amazing' detective work that led to the arrests and also to the extreme hardship endured by many police officers involved.

He referred to the 'long' separation of officers from their families and the need for total secrecy about the reasons for these separations and the consequent 'misunderstanding and strain which I hear some family relationships underwent'.

The public were reminded that the war against crime over ceased 'only when a spectacularly successful operation against criminals takes place and such an operation therefore reminds us there is a police force in the country

Seminar will oppose philosophical insularity

By a Staff Reporter

A group of academics are making a determined attempt today to combat the insularity that they believe has characterized British philosophy over the past 30 years.

The group, who call themselves the Seminar for Anglo-German philosophy, think that contemporary philosophers in the English-speaking world are concerned only with trivialities and are not facing the serious problems of logic, mathematics, philosophy and ontology, which preoccupy their continental colleagues.

The reason for the deficiency, according to Dr Kevin Mulligan, who teaches at Hamburg University, is that Anglo-Saxon philosophers have largely ignored the thinking that came out of Vienna at the turn of the century.

The group hopes to start righting the balance during a seminar at the Institute of Contemporary Arts in London today on the philosophy, literature and thought of the 1920s and 1930s. 'We shall be making Wittgenstein and his contemporaries very seriously', Dr Mulligan says.

Wife who shot husband cleared by jury

Shirley Morgan, a housewife, was found not guilty at Carmarthen Crown Court yesterday of murdering her husband, Mrs Morgan, aged 19, collapsed sobbing in the arms of a woman prison officer when the jury returned their unanimous verdict. The jury also unanimously found her not guilty of manslaughter and she was discharged.

Earlier yesterday in his summing-up Mr Justice Mans-Jones said that Mrs Morgan's husband had spent hours 'scoring the living daylights' out of her before she blasted him with a shotgun as he lay in bed.

Brian Morgan, aged 20, a plant operator, had tried to break his wife's will to resist him. The judge said she had repeatedly attacked her and after forcing her to write a suicide note, ordered her to set the alarm clock for 7 am so that he could get up early to kill her.

Mrs Morgan, who pleaded not guilty to murder, said she was terrified of her husband's death threat, which he repeated when she woke him at 7 am. She believed he would kill her if she did not kill him first, and she shot him in the back as he lay in bed.

Sea rock rescue

Six men and a woman from France whose yacht had sunk off the Cornish coast, were rescued by a helicopter from a rock in the Celtic Sea east of The Lizard, yesterday.

At the same time (he said) we have a conspiracy of silence by ministers, by Labour MPs, and spokesmen of the party on the contents of that policy.

On the left wing of the party there was little discussion in public on these issues because they knew they had won the election and that the party was designed by the left, and approved by the National Executive Committee and the party conference. The manifesto would be based on this policy and the left wing knew that the public would be opposed to it.

The anti-devolutionists' organization is rudimentary, but they have taken comfort from a recent poll in the *South Wales Echo*, which showed that only 14 of the constituency parties were in favour of the devolution of powers to Wales. They are unlikely to reach that target. But the figures indicate the scope of the task of ensuring sufficient electoral support for the proposals.

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Tory lead only 2%, poll shows

The Conservative lead over Labour has slipped to 2 per cent, according to the latest opinion poll conducted after the week-end North Devon election last week. The findings comes shortly after the Tory swing of 6.2 per cent at Ilford and poll forecasts giving Mrs Thatcher an 11 per cent lead last month.

The latest poll, conducted by Market and Opinion Research International and published in

Public warned on town march

Wolverhampton police appealed yesterday to the public to avoid the town centre during an anti-racist march today.

The marchers, including contingents from Manchester and London, are expected to number 5,000 and it is estimated that 1,400 police will be on duty.

Labour wanted the people to know what they intended to do. But the Tories had no programme or policy. They did not believe in the policy, but they dare not oppose it because almost

PARLIAMENT, March 10, 1978

Mr Prentice launches bitter attack on Labour Party leadership

House of Commons

Labour's Programme for Britain would destroy the economy by removing incentives and drive down further the standard of living of the people, Mr John Cope (South Gloucestershire, C) said when opening a debate on the programme.

The document was the most comprehensive statement of the policy of the Labour Party and was approved as such. From it and other resolutions were compiled the Government's programme and the next manifesto. (The Government were not formally committed to implementing it in 1979.)

The Government no longer had a majority and could not necessarily do what they liked. It was only because of the Labour Party's support that anything at all. Unless something was said to the contrary, the rough rule of thumb was that the Government supported the Labour Party and vice versa.

There was one big snag about the whole programme—money. The document said that total spending involved in implementing the programme would be enormous and only possible in the context of an expanding successful economy.

What the Government had amply demonstrated was that they could not secure for Britain an expanding successful economy.

Maybe the (heavenly) we come to the real object of this document. Maybe it is a trick to appease the people below the gangway and their friends. Maybe that is why so many of the proposals have been kept below the horizon.

Perhaps, (heavenly) I do not think so. The trick is being played on the public. The face the Prime Minister shows to the public is the false one and this document is the real one. This is the true programme of the Labour Party and Labour Government if they get the chance.

The aim was to bring about a fundamental and irreversible shift in the balance of power and wealth in favour of working people, but the programme would not achieve that. It would achieve a shift of power and wealth to the state, not working people.

Mrs Joan Lester (Etoos and Slough, Lab), chairman of the Labour Party, said the arguments advanced in the programme had great appeal in terms of what they could do for the economy and what the man in the street wanted to see happening in society.

Mr Cope had emphasized the fundamental assumptions in the programme about the ownership of power, privilege, and wealth which many of them wanted to see. They wanted to take into public ownership certain industries, and Mr Cope should have praised the success of public ownership so far.

Mr Reginald Prentice (Newham North-East, C) said at present they had a Labour Party committed to the most extreme socialist policies to which any major political party in Britain had ever been committed.

At the same time (he said) we have a conspiracy of silence by ministers, by Labour MPs, and spokesmen of the party on the contents of that policy.

On the left wing of the party there was little discussion in public on these issues because they knew they had won the election and that the party was designed by the left, and approved by the National Executive Committee and the party conference. The manifesto would be based on this policy and the left wing knew that the public would be opposed to it.

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to a man they were running scared of an election. If they were to speak out many of them would be at risk from the left wing elements in their own constituency parties. If he was wrong about this, the debate gave moderate Labour MPs the chance to prove their mettle, but they were not to come to the Labour benches today. They could have proved that they were something more than party hacks. They ran away from this (he said), and above all the Prime Minister has run away. In the days that the Labour Party was led by men of the calibre of Clement Attlee and Harold Wilson, they led from the front and they would have made clear to the party what they found unacceptable and what they would not implement from 1979 onwards.

The leadership of the Labour Party has been derailed since the premature death of Harold Wilson in 1976. Both by his successors and by the present Prime Minister himself. For all his bluff exterior, Mr Callaghan is a political coward. He would not come to the fore speaking out against most of the contents of the document because it is pretty clear to anyone who reads it that it does not support their interests.

If all the nationalization proposals in the manifesto were implemented, it would mean taking something like half of the working population would be working in the state sector. The proposals were far more radical than any previous Labour Party document.

Page after page of the programme contained proposals for additional public expenditure with pledges made by the Labour Party before the resources were exhausted.

The decision in principle of the last Labour conference that all decisions should be referred to a resolution conference during the next Parliament was intended to protect anybody who put the national interest first. It was a theoretical exercise to keep Labour's activists happy.

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Mr Evelyn Hooper (Montgomeryshire, L) said electors should be thankful they were saved from the lunacies of the left and the right. The Labour Party's programme was that its Christian and humanist tradition was slowly losing ground to the increasing onslaught of the Marxists.

If the Labour programme was implemented the country would be suffocated under a blanket of bureaucracy. There would be gradual erosion of a new elite of officials.

The Liberals took the view last March that the danger was of a Conservative right wing controlling the party coming into power and then in reaction to it a left wing controlled party swept back by popular reaction to implement the policy programme under the leadership of Mr Benn.

Following the Liberal Government agreement last time the country had at the moment was a government paving the way to a Labour monopoly.

Mr William Hamilton (Central Fife, Lab) said that they all knew that ideas, motions, resolutions and policies were constantly flowing back and forth from one section of the Labour Party. This document was the fruit of that kind of process. There were, of course, some counterbalancing ideas in it that would never see the light of day and reach the manifesto.

In the world league Britain stood sixth in 1950, in terms of GNP per head. By 1975 she stood twenty-third in the world. They had gone down the down under successive governments.

We cannot (he said) go on regarding ourselves as the world's best kept museum. They would live precariously if they sought dependence on tourism, the attractions of Stratford and Soho, or the pillifications provided for tourists visiting the House of Lords. They had got to earn their living in the top league.

£30,000, or whatever it cost, to repair the lifts of the Elizabeth Garrett Anderson Hospital, near Kings Cross, could be taken from the annual £100 million holidaying in the West Indies.

That money (he said) is provided by this House. This Government is taking resources from those people who are not doing anything at all who get far too much, and give it to people doing nothing at all. When Mr Prentice last attempted to intervene, Mr Hamilton refused saying: 'The most contemptible and pathetic figure is the guy who is sitting in the front row of the House of Commons, Mr Nigel Lawson (Blaby, C) for the Opposition, said the document did not represent anything airy fairy; it was a Labour Party document, and Mr Ron Hayward, general secretary of the party, and Mr Benn, Secretary of State for Energy, had both made clear that the document was the basis of the next manifesto.

The programme would bring a massive tax increase, far higher than any previous Labour Government. It would mean a substantial public spending increases involved. Then there was more nationalization and plans for audits of public bodies.

Schools were to be politicized and turned into bases for inculcation by teachers of socialist values. Britain was to become the only major western democracy with a single chamber government and the freedom of the press would be undermined by plans to put advertising revenue in a government fund to be distributed as the Government wished.

Most shameful was the suggestion to cut defence spending further.

The Government were trying to keep quiet about this whole policy which did not seriously differ from what had become known fashionably as 'socialism', but which was in fact a policy of the party to put forward by the communist and socialist parties in the French to the general election.

Where had all the Labour moderates gone? Mr Prentice had the courage to fight; Mr Roy Jenkins said Mr David Murray had gone to Brussels. Others had left the party. Too. The watchword of the moderates was 'Flight, flight and flight again'.

Mr Callaghan, the goathair, had merely believed in 1976 that the programme would take rather a long time to implement. Since then, silence. Since the retirement of working people; they were believed to be the leader of the Labour Party.

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Differ language test for foreign doctors

By a Staff Reporter

Foreign language tests for medical graduates have been planned so that a documentary to communicate with colleagues and patients can be assessed more easily.

An annual report of the Regulatory Assessment Board, published yesterday, said that the written paper has not proved as satisfactory as hoped.

A suggestion of its replacement, the board decided, will now have three. In the first candidates asked to write 300 to 400 words on one of three set

previous tests some candidates found it convenient to use some questions with medical terms or symptoms had not helped to their proficiency, in

dates will now have to write a mock article for a popular magazine on the quality of a doctor's work with patients and post-mortems in which it is relaxed, or give the reasons why they failed to study medicine, or the advantages and disadvantages of a doctor in a dog.

A second section candidate will be asked to write an account of a situation or a

letter to a colleague or layman. The third section requires the insertion of a single word in a gap in a sentence.

The report says that since September, 1977, language tests had been carried out on 16 doctors from the BCC and 13 passed. The tests were not carried with the candidates' medical knowledge, but they had to demonstrate comprehension of spoken English, submit a written English paper and sit an oral examination conducted by a doctor and a language examiner.

The report shows that doctors from 40 countries last year took tests set by the board to assess both medical and linguistic knowledge.

India had 421 candidates. Egypt 389, Iraq 246, Russia 43, Nationalist China 13, Spain, Turkey and Yugoslavia 11 each said Bulgaria, Chile and Iceland one each.

Eleven tests were held last year on 1,663 candidates and 532 passed. Of the successful doctors only one, from West Germany, was graded excellent; 55 were graded good and 476 adequate.

Last year invitations were received from four governments for the board to conduct computer-marked sections of the test in the Near East and Middle East. But they fell short of the 50 or more paid-up applications the board felt necessary to justify such overseas tests.

'would have come idly' for runaway boy

By a Staff Reporter

Front exposure and all have come very to Lester Chapman, the Reading school officer said when the boy was opened at

the school, and on April 26, the boy's officer, said Sunday, February 26, pm he went to Rose, where on some waste 20 yards from the river the runaway boy's body lay. He was face down, lower part was buried under snow and sludge.

Ficer said he had the Professor Keith Mant,

the pathologist, who said death was due to exposure to cold and would have been very rapid.

Constable Stokes said he had made inquiries at the Meteorological Office and recorded a temperature readings taken at Reading around the time the boy disappeared. On the night he was first reported missing, January 12, the weather was cold, a reading at 9 am that day showed the temperature to be at 4.6°C.

Mr Leslie Raymond, Chapman, a lorry driver and the boy's stepfather, of Wensley Road, Reading said the boy was not suffering from any illness.

Ten call for cancer testing service

By a Staff Reporter

Local screening service a and cervical cancer, adult women was due at the Trades Union women's conference in

man in 20 in Britain breast cancer and died of it. Mrs Rose of the Cancer Society, 1 Workers' Union, told delegates, yet the at in a White Paper member had opposed

ties in the taxidermies are criticised by one voted in favour of the married man's and using the ved to increase child

stated that £2,200m raised. That might effects at the rate of week a child.

Welsh children may get extra literacy courses

From Our Own Correspondent

Courses to improve literacy and numeracy are likely to be organized as a result of a conference yesterday which discussed why children in Wales leave school less well qualified than in England.

The conference was attended by representatives of the Welsh education authorities, teachers' associations and delegates from both sides of industry. It heard that in Wales a smaller proportion of pupils 25.6 per cent left school without a graded GCE or CSE result than in England (16.5 per cent).

One paper suggested that the correlation between social class and educational attitudes could be a factor, because Wales had a preponderance of unskilled and semi-skilled workers.



Fly past: The fossil dragonfly that lay hidden for 300 million years in a coal block under Bolsover, Derbyshire, as reported in *The Times* yesterday. It will be shown at the Natural History Museum, London, some time next week.

Plaid Cymru MPs may oppose devolution

From Michael Hatfield

Political Reporter

Mr Gwynfor Evans, leader of Plaid Cymru, and his two Welsh nationalist colleagues in the Commons may oppose the Government's devolution plans for Wales.

That prospect was opened up at an unreported Plaid Cymru meeting in Cardiff this week, as forces inside the Labour Party began to prepare for the struggle in the projected referendum.

The parliamentary committee of the Welsh nationalists is the link between the party's national executive and MPs. It has set in train plans for party national council after Easter to decide whether the MPs should vote against the third reading of the Welsh devolution Bill if the Labour backbench rebels insist on inserting a clause which would give the electorate will have to vote 'yes' to devolution for the referendum to succeed.

While the three Welsh nationalist MPs alone, could not

inflict fatal damage, they would expect the Scottish nationalists to reciprocate for the joint action taken during the Scotland Bill debate, and the combined votes, together with those of the Tories, might defeat the Government.

Such action could be seen as damaging the Welsh cause, but the two fifth qualification in the referendum is seen as too big an obstacle to overcome. In the meantime supporters and opponents of devolution are beginning to group within the Labour Party. Personality clashes and tensions are leading to some indiscretions.

Official party policy supports the Bill, although it is seen only as a tolerable compromise for what the Welsh Labour Party wanted out of devolution. Privately its leading proponents are complaining about the attitude of the Prime Minister and some of the Welsh ministers.

They were astonished that Mr Callaghan made hardly a refer-

ence to devolution in recent speeches in Rhondda and in his constituency of Cardiff, South East. Mr Jack Brooks, Mr Callaghan's agent, is among those who have privately expressed disappointment.

Although it is too early to be certain that there are signs of party disunity, the Welsh cause in Wales for the Assembly Campaign, it is a fact that they are to raise £50,000 to fight the referendum. They are unlikely to reach that target. But the figures indicate the scope of the task of ensuring sufficient electoral support for the proposals.

The anti-devolutionists' organization is rudimentary, but they have taken comfort from a recent poll in the *South Wales Echo*, which showed that only 14 of the constituency parties were in favour of the devolution of powers to Wales. They are unlikely to reach that target. But the figures indicate the scope of the task of ensuring sufficient electoral support for the proposals.

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Sale of second rank Old Masters makes £231,000

By Huon Mallalieu

A sale of second rank Old Master paintings at Christie's yesterday made £231,000, with 13 per cent bought in. The paintings included an interesting group by the younger David Teniers copied from Italian originals in the cabinet of the Archduke Leopold Wilhelm, governor of the Netherlands from 1616 to 1656.

Some of those were later acquired by the first Duke of Marlborough, and the 12 sold yesterday came from the collection of the late Princess Royal, whose executors had lent them to Kenwood. Between them they produced £12,350, selling either to a dealer from Antwerp, or to Berckowich from Madrid. The highest price among them was £1,900 for a copy after Andrea Schiavone (estimate £2,000 to £2,500).

Another Tintoretto, a monumental landscape, made £5,000 (estimate £3,000 to £5,000), and the highest price of the sale was £8,500 for a St Cecilia by Giovanni

Lanfranco (estimate £3,500 to £4,500). O'Nizans, the London dealer, paid £5,000 for a marine subject by Ludolf Bakhuizen (estimate £6,000 to £8,000).

In a furniture sale at Sotheby's yesterday £22,000 to £3,000, and a George III trunkwood side table for £230 (estimate £80 to £120). Another in beechwood shaped like a melon went to the same buyer for £180 (estimate £120 to £200).

The sale, of primarily English interest, was dominated by London dealers, Nazari paying £4,000 for a Benjamin Fabris carpet of about 1820 (estimate £2,000 to £3,000), and Thomas and Foster £3,200 for a Queen Anne walnut bureau cabinet (estimate £1,500 to £2,500). The total for the sale was £58,657, with 5.9 per cent bought in.

The sale of English and Continental ceramics and works of art at Bonham's, a pair of mid-nineteenth-century Meissen fruit and flower carvings, covers and a George III clock, made £3,700 (estimate £3,000 to £5,000). The sale made a total of £23,590, with 3 per cent failing to reach the reserves.

Tories should be deliriously happy

By a Staff Reporter

Mr William Price, Parliamentary Secretary, Privy Council Office (Rugby, Lab), said at the Opposition yesterday that more should be spent in practically every area. If the Opposition's policies had been adopted there would be an extra one million unemployed.

The problem of unemployment was not a Tory problem. The country suffered from basic industrial weakness which would take years to correct.

In the past few months there had been a greater degree of news management for policy reasons than in many years. The time had come for Fleet Street to take a cool, careful look at itself. Journalists were being instructed what points of line to take and headline writers were wallowing in the gutter.

What we now have lined up against this Government (he said) is a motley collection of professional journalists who have been an unparalleled estimation of the Opposition and its leader together with a torrent of abuse directed

against the Government. We are seeing a scramble for the job of press secretary at No 10. At least one editor believed he had been promised the job, but competition is hotting up.

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Mr

Saturday Review

Scandal in the firm

by Graham Greene

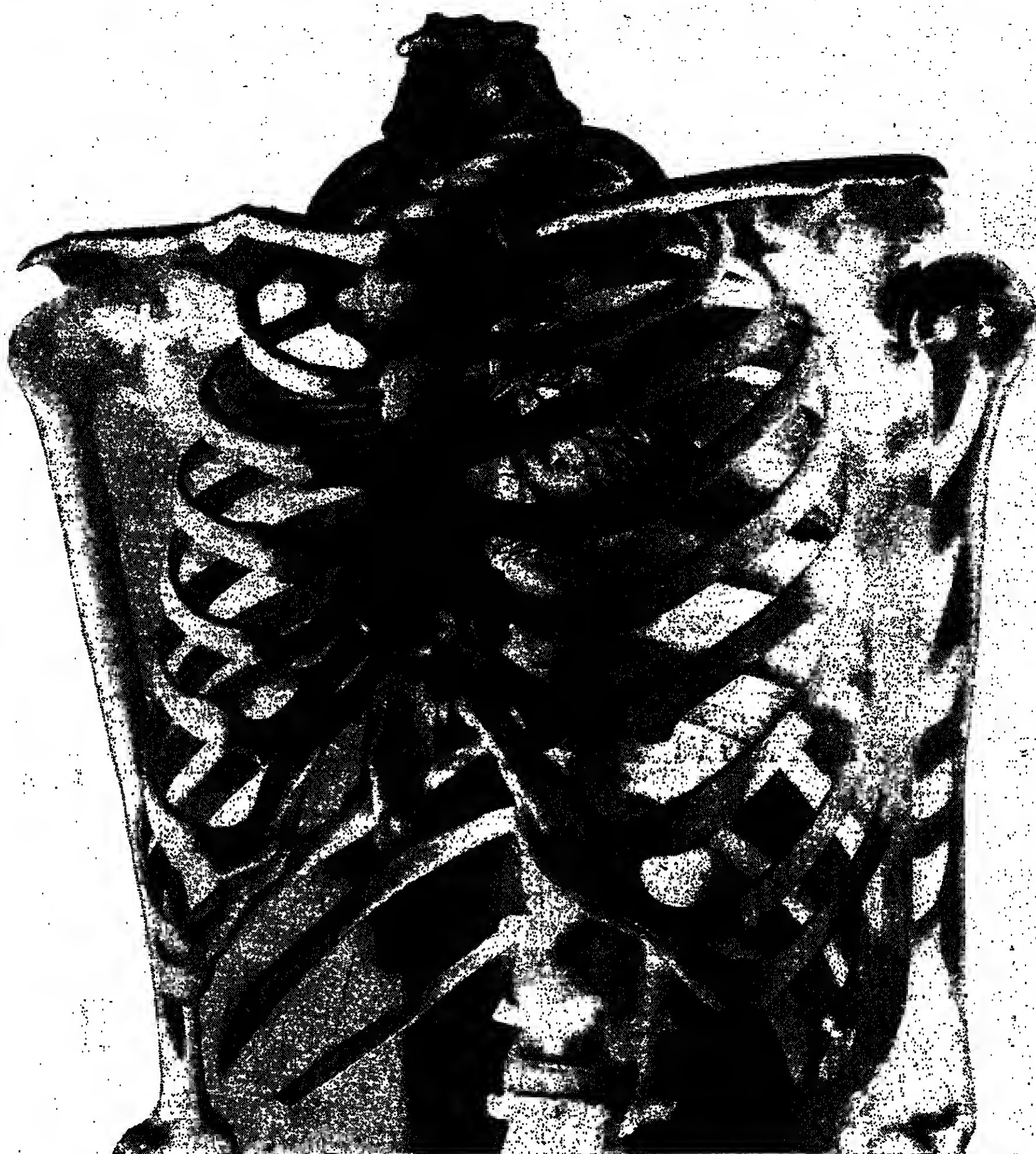


Illustration by Franklin Wilson

Doctor Percival had invited Sir John Hargreaves to lunch with him at his club, the Reform. They made a habit of lunching alternately at the Reform and the Travellers once a month on a Saturday, when most members had already gone into the country. Pall Mall, a steely grey, like a Victorian engraving, was framed by the long windows. The Indian summer was nearly over, the clocks had all been altered, and you could feel the approach of winter concealed in the smallest wind. They began with smoked trout which led Sir John Hargreaves to tell Doctor Percival that he was now seriously thinking of trying to stock the stream which divided his park from the agricultural land. "I'll need your advice, Emmanuel", he said. They were on Christian-name terms, when they were safely alone.

For a long while they talked of fishing for trout, or rather Doctor Percival talked, it was a subject which always appeared a limited one to Hargreaves, but he knew Doctor Percival would be quite capable of enlarging on it until dinner. However, he was shifted from trout to another favourite topic by a chance diversion to the subject of his club. "If I had a conscience," Doctor Percival said, "I would not remain a member here. I'm a member because the food—and the smoked trout too if you will forgive me, John—is the best in London."

"I like the food at the Travellers just as much", Hargreaves said. "Ah, but you are forgetting our steak-and-kidney pudding. I know you won't like me saying so, but I prefer it to your wife's pie. Pastry holds the gravy at a distance. Pudding absorbs the gravy. Pudding, you might say, cooperates."

"But why would your conscience be troubled, Emmanuel, even if you had one—which is a most unlikely supposition?" "You must know that to be a member here I had to sign a declaration in favour of the Reform Act of 1866. True, that Act was not so bad as some of its successors, like giving the vote to eighteen, but it opened the gates to the pernicious doctrine of one man one vote. Even the Russians subscribe to that now for propaganda purposes, but they are clever enough to make sure that the things they can vote for in their own country are of no importance at all."

"What a reactionary you are, Emmanuel. I do believe, though, there's something in what you say about pudding and pastry. We might try our pudding next year—if we are still able to afford a shoot."

"If you can't, it will be because of one man one vote. Be honest, John, and admit what a hash that stupid idea has made of Africa."

"I suppose it takes time for true democracy to work." "That kind of democracy will never work."

"Would you really like to go back to the householder's vote, Emmanuel?" "Hargreaves could never tell to what extent Doctor Percival was really serious."

"Yes, why not? The income required for a man to vote would be properly adjusted, of course, each year to deal with inflation. Four thousand a year might be the proper level for getting a vote today. That would give the miners and dockers a vote, which would save us a lot of trouble."

After coffee they walked, by common consent, down the

great Gladstonian stairs out into the chill of Pall Mall. The old brickwork of St James's Palace glowed like a dying fire through the grey weather, and the sentry flickered scarlet—a last doomed flame. They crossed into the park and Doctor Percival said, "Returning for a moment to trout..." They chose a hench where they could watch the ducks move with the effortlessness of magnetic toys across the surface of the pond. They both wore the same heavy tweed overcoats, the overcoats of men who live by choice in the country. A man wearing a bowler hat passed them; he was carrying an umbrella and he frowned at some thought of his own as he went by. "That's Browne with an e", Doctor Percival said.

"What a lot of people you know, Emmanuel."

"One of the PM's economic advisers. I wouldn't give him a vote whatever he earned."

"Well, let's talk a little business, shall we? Now we are alone, I suppose you are afraid of being bugged at the Reform."

"Why not? Surrounded by a lot of one man one vote fanatics. If they were capable of giving the vote to a bunch of cannibals..."

"You mustn't run down cannibals", Hargreaves said. "Some of my best friends have been cannibals, and now that Browne with an e is out of earshot..."

"I've been going over things very carefully, John. With Dainty, and personally I'm convinced that Davis is the man we are looking for."

"Is Dainty convinced too?"

"No. It's all circumstantial,

it has to be, and Dainty's got a very legalistic mind. I can't pretend that I like Dainty. No humour but naturally very conscientious. I spent an evening with Davis, a few weeks ago. He's not an advanced alcoholic like Burgess and Maclean, but he drinks a lot—and he's been drinking more since our check started, I think. Like those two and Philip, he's obviously under some sort of strain. A hit of a manic depressive—and a manic depressive usually has that touch of schizoid about him essential for a double agent. He's anxious to get abroad. Probably because he knows he's being watched and perhaps they've forbidden him to try and bolt. Of course he'd be out of our control in Lourenco Marques and in a very useful spot for them."

"But what about the evidence?"

"It's a bit patchy still, but can we afford to wait for perfect evidence, John? After all we don't intend to put him on trial. The alternative is Castle (you agreed with me that we could rule out Watson), and we've gone into Castle just as thoroughly. Happy second marriage, first wife killed in the blitz, a good family background, the father was a doctor—one of those old-fashioned GPs, a member of the Liberal Party, but not, please note, of the Reform."

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bets regularly on the tote—pretends to be a judge of form and to win quite a lot—that's a classic excuse for spending more than you earn. Dainty told me he was caught once taking a report from 59800 out of the office. Said he meant to read it over lunch. Then you remember the day we had the conference with M15 and you wanted him to be present. Left the office to see his dentist—he never went to his dentist (his teeth are in perfect condition—I know that myself) and then two weeks later we got evidence of another leak."

"Do we know where he went?"

"Dainty was already having him shadowed by Special Branch. He went to the Zoo. Through the members' entrance. The chap who was following him had to queue up at the ordinary entrance and lost him. A nice touch."

"Any idea whom he met?"

"He's a clever one. Must have known he was followed. It turned out that he hadn't gone to the dentist. Said he was meeting his secretary (it was her day off) at the penguins. But there was that report you wanted to talk to him about. It was never in the safe—Dainty checked that."

"Not a very important report. Oh, it's all a bit shady, I admit, but I wouldn't call any of it hard evidence, Emmanuel. Did he meet the secretary?"

"Oh, he met her all right. He left the Zoo with her, but what happened in between?"

"Have you tried the marked note technique?"

"I told him in strict confidence a bogus story about researches at Porton, but nothing's turned up yet."

"I don't see how we can act on what you've got at present."

"Suppose he panicked and tried to make a bolt for it?"

"Then we'd have to act quickly. Have you decided on how we should act?"

"I'm working on rather a cute little notion, John. Peanuts."

"Those little salted things you eat with cocktails."

"Of course, I know what peanuts are, Emmanuel. Don't forget I was a Commissioner in West Africa."

"Well, they're the answer. Peanuts when they go bad produce a mould. Caused by a highly toxic substance known collectively as aflatoxin. And aflatoxin is the answer to our little problem."

"How does it work?"

"We don't know for certain about human beings, but no animal seems immune, so it's highly unlikely that we are. Aflatoxin kills the liver cells. They only need to be exposed to the stuff for about three hours. The symptoms in animals are that they lose their appetites and become lethargic. The wings of birds become weak. A post mortem shows haemorrhage and necrosis in the liver and engorgement of the kidneys, if you'll forgive me my medical jargon. Death usually occurs within a week."

"Demerol, Emmanuel, I've always liked peanuts. Now I'll never be able to eat them again."

"Oh, you needn't worry, John. Your salted peanuts are hand-picked—though I suppose an accident might just possibly happen, but at the rate you finish a tin they are not likely to go bad."

"You seem to have really enjoyed your researches. Sometimes, Emmanuel, you give me the creeps."

"You must admit it's a very neat little solution to our problem. A post mortem would show only the damage done to the liver, and I expect the coroner would warn the public against the danger of over-indulgence in port."

"I suppose you've even worked out how to get this execo—"

"Aflatoxin, John. There's no serious difficulty. I have a fellow at Porton preparing some now. You only need a very small quantity. Point 0063 milligrams per kilogram body-weight. Of course I've weighed Davis, 0.5 milligrams should do the trick, but to be quite sure let's say .75. Though we might test first with an even smaller dose. One side advantage of all this, of course, is that we should gain valuable information on how aflatoxin works on a human being."

"Do you never find that you shock yourself, Emmanuel?"

"There's nothing shocking about this, John. Think of all the other deaths Davis might die. Real cirrhosis would be much slower. With a dose of aflatoxin he'll hardly suffer at all. Increasing lethargy, perhaps a bit of leg trouble as he doesn't have wings, and of course a certain amount of nausea is to be expected. To spend only a week dying is quite a happy fate, when you

think what many people suffer."

"You talk as though I were already condemned."

"Well, John, I'm quite convinced he's our man, I'm not waiting for the green light from you."

"If Dainty were satisfied..."

"Oh, Dainty, John, we can wait for the kind of evident Dainty demands."

"Give me one piece of her evidence."

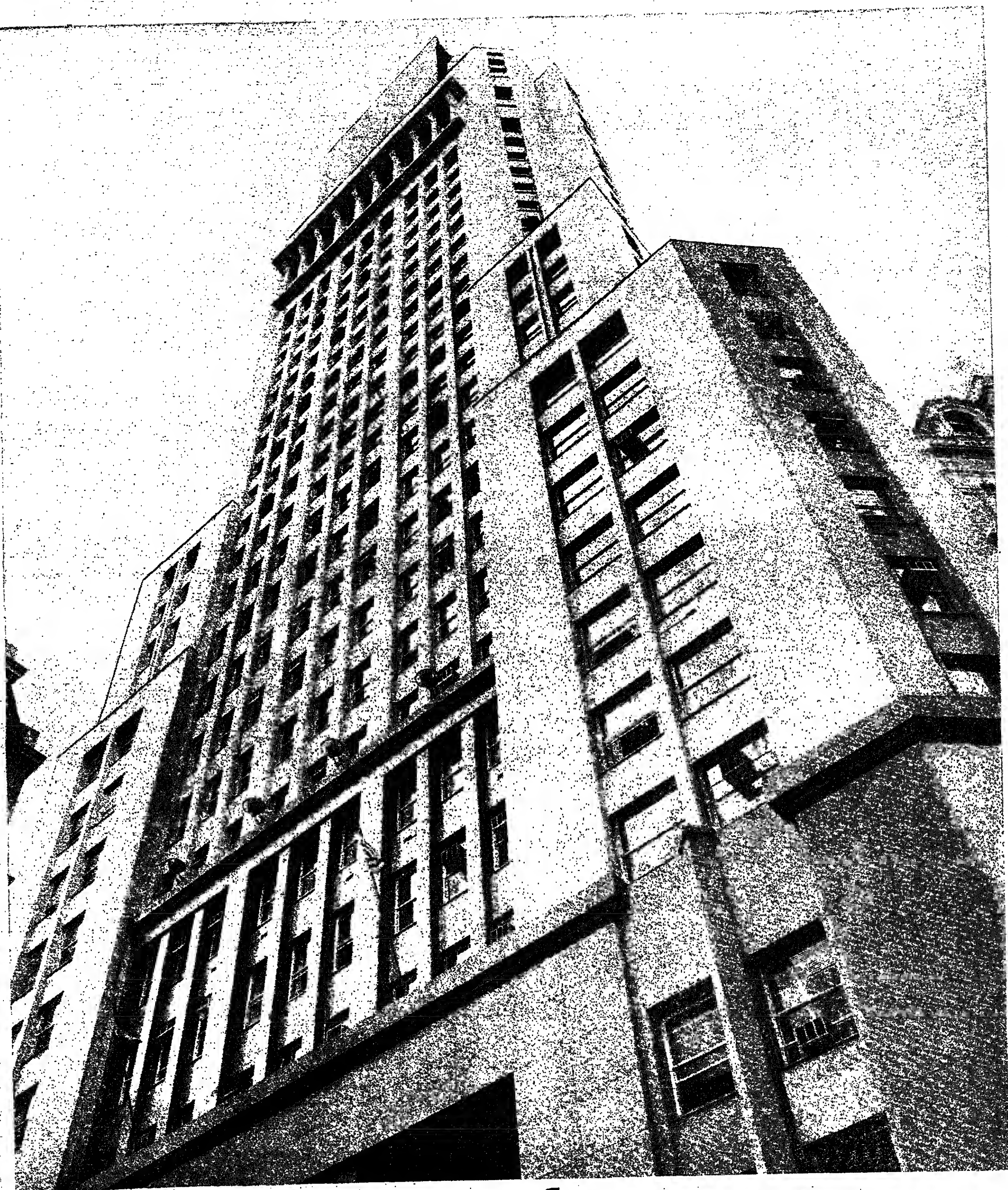
"I can't yet, but better wait for it too long. You remember what you said the night after the shoot—a con-plaintant husband is always the mercy of the lover. I can't afford another scandal the firm, John."

Another bowler-hatted figure went by, coat collar turned up into the October dusk. Eighty were coming on one in the Foreign Office.

"Let's talk a little more about the trout stream Emmanuel."

"Ah, trout. Let other people boast about salmon—gross, stupid fellows with that blubbery of theirs to stop upstream which makes for fishing. All you need are a trout and a strong arm and clever gillie. But the trout—the trout—he's the real bit of fish."

© 1978 Graham Greene. This extract is taken from *The Human Factor* by Graham Greene, which is being published on Thursday by The Day Head at £4.50. It was reviewed that day on the page by Michael Rattiffe.



The country of a new era has that same type of bank: Banespa.

Brazil has grown in the past ten years as never before.

It's a country of a new era with loads of progress and opportunity for all.

Banespa - Banco do Estado de São Paulo - is one of the largest banks of Brazil and for the past fifty years has been accompanying

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immense opportunities which Brazil has for your best business deals, look to Banespa, the new way of banking.

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Collecting

No dreadfuls

about the firm's history, the next to the last of the firm's books, the "little book" as it was known, and had a misshapen cover. It had been a flourish, but by the time it had come down to the world and depended for its life on a single copy which stood on the pavement outside. The book was in the shop, and the majority of Mr. Davis's customers were there, for it was here that the either turned about in the double-faced way that the shop had come down to the world and depended for its life on a single copy which stood on the pavement outside. The book was in the shop, and the majority of Mr. Davis's customers were there, for it was here that the either turned about in the double-faced way that the shop had come down to the world and depended for its life on a single copy which stood on the pavement outside.

Mr. Davis, though, no longer himself, was a traditionalist and liked bound books. The books were in the shop, and the majority of Mr. Davis's customers were there, for it was here that the either turned about in the double-faced way that the shop had come down to the world and depended for its life on a single copy which stood on the pavement outside. The book was in the shop, and the majority of Mr. Davis's customers were there, for it was here that the either turned about in the double-faced way that the shop had come down to the world and depended for its life on a single copy which stood on the pavement outside.

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Popular Educator, Cassell's Magazine, and so on, but the firm's best series did not start till after the founder's death. It was called Cassell's National Library.

The books measured 5 1/2 in and cost 3d in paper wrappers and 6d in cloth. (Mr. Davis occasionally put out a 1d box which would contain three of the 1888 edition of *As I Was* in paper in gilt toolled cloth which not only has lists of Cassell's other publications such as *How Women may earn a Living* by Mercy Grogan, price 1s, but also advertisements for Robinson & Cleaver's Cambridge Pocket Handkerchiefs and "Mr. Harnes's Electrostatic Belt which positively exterminates rheumatism from the system without any shock or discomfort by mild continuous currents".

My 1891 edition of the same title from the same series is in a sober black with no such commercial frivolities. A companion volume, the *Poetics of Aristotle* is in the same series, and is a most interesting and useful work. It is a more philosophical and more excellent thing than history, for poetry is chiefly conversant about general truth, history about particular.

The most famous of them all was Dent's Everyman Library. Joseph Maule Dent was born in Darlington in 1849. He arrived in London with no more than 2s 6d in his pocket and took a job as a turn-over apprentice bookbinder at 12s 6d a week working from 8 am till 5 pm five days a week and till 5 pm on Saturday. Within a few years he had his own workshop in Horton and shortly after with the help of 250 borrowed from George Carter, a neighbouring grocer, he was able to buy the business and tools of his first employer. In 1888, again with the help of his grocer friend, he started his "Temple Classics".

The books were just over 6 in high, beautifully printed by Constable of Edinburgh, and bound in Dent's workshop in cloth gilt at 1s and in limp green leather at 1s 6d.

In spite of his long working life, Dent attended classes at Tottenham Hall and as secretary to the Shakespeare Society he noticed that single volume editions of the individual plays with a reliable text and simple glossary were unobtainable. The idea was the 40 years of the *Shakespeare* edited by Israel Gollancz with emblematic title-pages by Walter Crane, Tugwell & Speers of Edinburgh printed them with red ink on the act and scene at the head of each page. The titles were printed in red on Dutch hand-made paper and were bound both in limp red leather and in cloth. They are still the most desirable of all the single volume editions of the plays.

Then in 1906 came the first volumes of the *Everyman*. Dent proposed to issue 1,000 volumes, each of 50 pages, at 10s each. The idea was to issue 1,000 volumes, each of 50 pages, at 10s each. The idea was to issue 1,000 volumes, each of 50 pages, at 10s each.

Uniform libraries of the classics and of authors are almost as old as publishing itself. The first was from Aldus Manutius, printing in Venice in the 15th century. Later, in the 17th century, the French publisher, Le Beau, started his pocket-size Greek and Latin classics which were read all over the literate world. In England in the eighteenth and nineteenth centuries, there were many uniform series.

Michael Sadleir, novelist and publisher, collected the Victorian "yellow-backs", my colleague Julia Elton has rows of Nelson sevenpenny series. In the 1920s and 1930s were the three-and-sixpenny series of which the most memorable was Jonathan Cape's *Traveler's Library*, bound in blue cloth with a gilt-tooled spine and enclosed in a yellow leather dust-jacket. Chatto & Windus's *Phoenix Library* was a touch more literary and more Bloomsbury, containing Aldous Huxley, Norman Douglas, David Garnett, Roger Fry and Clive Bell.

Where are these books now and where can we find them? Everywhere, and still to be bought for a handful of new pennies. From Charing Cross Road and its adjacent courts to David's bookstall in Cambridge Market; from Mr. Parnham in Eastbourne to Mrs. McNaughton in Edinburgh. As my eye runs over my crowded shelves the spines recall book hunts from Kenilworth Tower to King's Lynn and from San Antonio to Vienna.

Even now I can rarely pass a table of unassuming books. Unassuming they may be, but because they were once read and cared for, like an old building, each is a link with a forgotten and kinder spirit, a witness to the continuity of life and ideas.

Did I say a lifetime of good reading? A lifetime is not enough!

Ben Weinreb

The author is a London book dealer.



The village of Scilla.

Chess

New patrons

It is an interesting and pleasant thought that the chess world in general and British chess in particular, is returning to the state of affairs as regards sponsorship to the enlightened period some 400 years ago when the great patrons of chess were the princes and dukes. Wherever these patrons were to be found there the game flourished. For example, Roy Lopez had as his chief patron Philip of Spain and when he visited Italy in 1573 (17 years from any one book of *Chess*) of chess, the famous Italian chess patron, Giacomo Buoncompagni, the Duke of Sora, presented him with a stipend of 2,000 crowns a year. With such sponsors it is little wonder that Spain and Italy were the centres of world chess at the time of Roy Lopez.

Nowadays the great patrons have almost entirely disappeared, but now business houses are increasingly taking to sponsorship. Treading the path who remains, they are going to dispose of their illegitimate gains as far underfoot as it is possible to do with a type-writer, I applaud at once their idealism and their sound business instincts. They have a good sense to realize that chess is a game of world-wide appeal with a quite astounding recent growth in popularity. For a comparatively small expenditure (small that is by comparison with the average advertising budget of a big firm) a considerable amount of repute is obtained by sponsoring important chess events. For example, when Ladybrook sponsored the Hastings International Chess Congress at the end of 1976 they were given an amount of time on BBC Television that must have been worth considerably more than their actual expenditure.

It is not too much to say that a great deal of the increase in strength of British chess in the past dozen years is due to the increase in sponsorship. A case that I fervently hope will be proved in the near future is that of the British Chess Championship. Of recent years the quality of chess in this event has been declining. Our young chess-masters, being mostly professional, have avoided playing in a tournament where the prize money is so little. For the next British Chess Championships which are due to take place in April from August 7 to 19 this year, Greiverson, Grant, a leading firm of London stockbrokers, are putting up £5,000. This means that the winner of the British Chess Championship will receive a prize exceeding £1,000 and the other prize-winners will get substantial prizes.

How different from the days when I played in the event. In the first two British Championships I won, the first prize was £50 and in the last Championship I won (in 1955 and not in 1956) the prize was lowered to £35.

Anyway, it is nice to see a stockbroking firm taking such an interest in British chess and one imagines that the stockbrokers should likewise be interested in becoming sponsors.

In fact, Lloyd's Bank is already embarked on a massive programme of chess sponsorship particularly aimed at the younger player. The bank has a £10,000 annual sponsorship scheme and has already run some excellent events along the lines calculated to assist juniors. The other week they sponsored a 12-year-old Nigel Short's simultaneous display against opponents from the City of London and from Fleet Street and then his remarkable match against the chess computer.

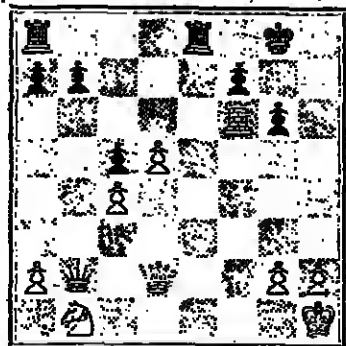
Next Saturday's match between Oxford and Cambridge Universities at the RAC Club in London

is also being sponsored by Lloyd's. This should be a fine match as no less than nine players in the teams are rated on the World Chess Federation list and highly rated in the BCE grading lists.

Another firm which has done a remarkably disinterested type of sponsorship is Aeronson Bros. Their liberal donations have enabled the setting up of a trust fund to assist British chess and coming up later this month is the Aeronson Masters tournament in London in which Nigel Short will have a chance to achieve an international master norm. Among those who it is hoped will be competing are Nunn, Webb, Speelman, Hale, Soos, Belin, Whiteley, and possibly Hartston and Mesel.

Nor should one forget the fine sponsorship put up by the Cusack (UK) branch of the Cusack Ltd which has specialized in helping all the congresses held throughout the year in the UK by giving prizes for the cumulative best results achieved in these events. For this year's Congress the prize is £2,000 a trophy and a gallon of their excellent whisky and there are many other prizes.

More sponsors, Pitman Publishing and the Afro Timber & Plywood Co Ltd, are assisting many congresses that are being held in Highbury Grove in early April and one should also bear in mind that the foundation formed by Jim Slater to help junior chess is still very much in action. The Slater Foundation and the Friends of Chess have been the best of the match. Here it is, complete with a pretty picture sacrifice.



White: Nigel Short. Black: Chess 4.6 QP Benoni Defence.

1-P-Q R-K8 2-P-K4 3-P-K3 4-P-K3 5-P-K3 6-P-K3 7-P-K3 8-P-K3 9-P-K3 10-P-K3 11-P-K3 12-P-K3 13-P-K3 14-P-K3 15-P-K3 16-P-K3 17-P-K3 18-P-K3 19-P-K3 20-P-K3 21-P-K3 22-P-K3 23-P-K3 24-P-K3 25-P-K3 26-P-K3 27-P-K3 28-P-K3 29-P-K3 30-P-K3 31-P-K3 32-P-K3 33-P-K3 34-P-K3 35-P-K3 36-P-K3 37-P-K3 38-P-K3 39-P-K3 40-P-K3 41-P-K3 42-P-K3 43-P-K3 44-P-K3 45-P-K3 46-P-K3 47-P-K3 48-P-K3 49-P-K3 50-P-K3 51-P-K3 52-P-K3 53-P-K3 54-P-K3 55-P-K3 56-P-K3 57-P-K3 58-P-K3 59-P-K3 60-P-K3 61-P-K3 62-P-K3 63-P-K3 64-P-K3 65-P-K3 66-P-K3 67-P-K3 68-P-K3 69-P-K3 70-P-K3 71-P-K3 72-P-K3 73-P-K3 74-P-K3 75-P-K3 76-P-K3 77-P-K3 78-P-K3 79-P-K3 80-P-K3 81-P-K3 82-P-K3 83-P-K3 84-P-K3 85-P-K3 86-P-K3 87-P-K3 88-P-K3 89-P-K3 90-P-K3 91-P-K3 92-P-K3 93-P-K3 94-P-K3 95-P-K3 96-P-K3 97-P-K3 98-P-K3 99-P-K3 100-P-K3 101-P-K3 102-P-K3 103-P-K3 104-P-K3 105-P-K3 106-P-K3 107-P-K3 108-P-K3 109-P-K3 110-P-K3 111-P-K3 112-P-K3 113-P-K3 114-P-K3 115-P-K3 116-P-K3 117-P-K3 118-P-K3 119-P-K3 120-P-K3 121-P-K3 122-P-K3 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THE REGIME' AT ISSUE

trouble with the French system as it has devised since direct election of the President was introduced in 1962 at every national election—her of the president or of the National Assembly—has to decide choice not just between rival parties or political groups but between two completely different models of social, political and economic organisation. The combination of presidentialism with two parliamentary elections in single-member constituencies has virtually obliterated the lists and the moderate left in forces with the Communist Party to have any hope of gaining power but of surviving as a significant force. Such an alliance is only on the basis of a challenge to "the regime" phrase which both the political system and the system known as capitalism has to pose the question "the regime" survive it be swept away?

great merit of the present President, M. Giscard d'Estaing, has been clearly the which this system is. One may ensure one's own number of times by (being, as de Gaulle did, on le chaos", but the diminishing returns inevitable. Sooner or later the the that the electorate will be bluff and bluff will ensue. Moreover that may easily happen at a moment the economy is going badly therefore less able to support of chaos without social, political and quite international consequences.

Giscard d'Estaing is con- that to be disappointed with this manichee between good and evil is the majority of French really want. They want but not revolution. He offered them "change risk". Elected by less than one per cent of the the promised to be "the of all the French". far he has not found a break the logic of the

He has made some changes of what would generally be called a liberal nature, for instance legalising abortion and lowering the voting age to eighteen. But he has not succeeded in putting through any reform which might affect the economic powers and privileges of the wealthiest groups in French society, where direct taxation, even when effectively collected, remains a fraction of what it is in this country, and where the gap between the highest and the lowest incomes remains one of the widest in Europe. Projects for the reform of company law, a tax on "big fortunes", and a general revision and tightening of the tax system—none of these has come to fruition, while the low introducing a capital gains tax was so emasculated by Parliament as to be rendered meaningless. The economic crisis has perhaps not helped, but the essential reason is no doubt that the President continues to depend on a parliamentary majority in which the most conservative groups are heavily represented, while the parties representing the more progressive classes remain in root-and-branch opposition to "the regime". It is a vicious circle.

So once again the President, like his predecessors, finds himself obliged to intervene in a parliamentary election campaign on behalf of the outgoing majority, warning the country that if it votes for the opposition it will plunge a fragile economy into chaos. The only alternative to "the regime" remains a left-wing government, almost certainly including Communist ministers and quite certainly dependent on Communist parliamentary support. The danger is not that the Communists may be in a position to seize power and impose a totalitarian regime. The leaders of the Socialist Party, armed forces, the police and the President himself can all be counted on to head off any attempt at that. The Communists are unlikely to have more than half the parliamentary strength of the Socialists, nor will they be given any ministries that involve the control of coercive power.

No, the danger represented by the Communists is that they will

push the Socialists into taking economic measures against their better judgment (as has already happened with the proposal to increase the minimum wage to 2,400 francs per month) while at the same time undermining a left-wing government's authority by organizing pressure on it outside Parliament and by pursuing a separate, demagogic policy of their own in whatever ministries they do control.

By and large the Socialists have shown an impressive capacity for resisting Communist pressure in the past six months, but the quarrel between the two parties has had the effect of tying the Socialists down to the "common programme" of 1972, since no agreement to amend it was possible. That programme was already a compromise between two very different philosophies, including in particular a broader programme of nationalization than many Socialists thought wise. Moreover it was a programme devised in the context of the rapidly expanding French economy and still apparently healthy world economy of the early seventies. It is doubtful whether any left-wing party in Europe would devise such a programme if starting from scratch today. The French left behaves as if France were existing in some kind of self-sufficient, prosperous enclave, rather than in the midst of the tottering European economy of 1978. The contrast with the policies not only of north European social democracy but also of the Italian Communists, could hardly be more striking.

The French electorate is thus confronted with an unhelpful choice between voting for the outgoing majority in the hope that for once it will carry out its programme, and voting for the opposition in the hope that it will not. There is not much reason for confidence in either prospect. One possibility is that the left will win the first ballot in terms of popular votes but will be too disunited to win the second in terms of seats. If that has the effect of chattering the present majority and frightening them into accepting the President's proposed reforms it might actually be the best result to hope for.

SIDENT TITO'S VISIT

Tito, now on a brief London, has seen more of the world's troubles than any leader now living. It is the mind to realize that born in 1892, served in the Hungarian army, was prisoner by the Russians, led in the Petrograd of 1917, and fought with Guard in Russia's Civil War to remember is that Second World War he civil war in his own as well as fighting the took power in tides of countrymen's blood, broke with Stalin in build up the unique system which continues today. He still stands east and west, striding line that divided the and western Roman

ARTURE FROM PRECEDENT

ne many desiderata for a legal system is that the d be reasonably certain, nent and application. vidual coming to the ould know that his case considered according to which are ascertain- constant. At the same ver, undue rigidity in y with precedent leads ation of the law and to the commission of

nglish legal system o achieve the required e by imposing the doc- ecedent on its courts, ng the ultimate appeal e House of Lords, a sedom to depart from edent. The concession e of Lords to depart wn previous decisions ranted by the Lord in 1966. It was not o the Court of Appeal, tained to be required, narrowest exceptions, not only decisions by of Lords but also pre- ions of its own.

for transplant
Commander J. B.

er of a kidney patient most to the prob- from shortage of organs at, and should like to on to some lesser known e matter. of machines leads to e dying. Shortage of ransplant means that e that do exist have to e for two to three years ransplant. In no ntracting-out scheme e waiting time to, say, ndruping the number e for those who want to die. e application in waiting ransplant would do much e life on a machine e than death, but

bears only a few dozen, and can therefore have much less idea of prevailing trends, conditions and attitudes. It is a tempting argument, yet it is not difficult to see that only the ultimate court should have the power to decide that previous interpretations of the law have been wrong. If it were given to the Court of Appeal (of which there are sometimes five separate three-man courts sitting at a time) the result could be to raise appreciable uncertainty. That cannot be in the interests of litigants, or of the public at large, who are entitled to be able to conduct their affairs in the reasonable expectation that the law governing them has a high degree of stability. But if the "revising power" is to be confined to the House of Lords, they must show that they are willing to move with the times, too, in appropriate cases—something they have not always been capable of. Their decision in the present case, in favour of the unmarried woman and a broad interpretation of the Act, is a reassuring sign.

likely to transplant successfully. Transplants from the younger dead throw up no such problems, they are available, and contracting-out would make them readily available. Yours sincerely, J. B. HOLGATE, 12 Marlow MGB, Marlow, Buckinghamshire, March 6.

Silent knit

From Mr J. M. Lynch
Sir, And bus conductors' punches no longer so ding. Yours faithfully, J. M. LYNCH, The Grange, 7 Ty-Cwyn Road, Penylan, Cardiff, March 9.

Findings of the Windscale inquiry

From Sir Alan Cottrell, FRS
Sir, Professor Rothbar is wrong in the central point of his letter of March 9 when he says: "With thermal reactors nuclear energy will never become a major source of energy, because of the exhaustion of uranium." The Canadians have already shown that their existing heavy-water system enables large amounts of energy to be drawn from uranium fuel and they are now well on the way towards establishing a successful thermal breeder reactor system based on thorium-uranium fuel. The energies obtainable from this are so large as to make it economically possible to extract its heat from very low-grade and hence virtually unlimited mineral sources. Yours faithfully, ALAN COTTRELL, The Master's Lodge, Jesus College, Cambridge.

From Mr Richard Knox
Sir, Professor Rothbar expresses incredulity at Mr Justice Parker's acceptance of the arguments put forward by British Nuclear Fuels in the Windscale inquiry last year, and the apparent rejection of all the arguments put forward by the objectors. The implication of Justice Parker's decision is that the arguments put forward by the anti-nuclear lobby were not in fact valid, and there is nothing strange in this. Professor Rothbar does not do full justice to the report, however, which makes several important recommendations on improved radioactive materials, accounting procedures and safety standards for the plant, which must have arisen directly from points raised by the objectors. Neither is it incredible that the report apparently rejects the basis of President Carter's energy policies. There is considerable opposition to these policies in the United States, and in several countries indignation has been expressed at the United States government's stated anti-

Sentences in LSD case

From Mr W. R. Hayward
Sir, In passing sentence in the LSD plot case, the judge regrettably failed to pass severe sentences on a number of those who, according to your leading article today (March 9) were "people of previous good character, considerable ability and intelligence. Some of them possessed excellent academic and professional qualifications." You go on to say that "they are precisely the kind of people who, if sent to prison, can only be a destructive experience."

Over a period of seven years of calculated crime this gang made profits of over £8 million, only about 10 per cent of which has been recovered. Over this period the LSD distributed must have destroyed the minds of thousands of people, and the far too ignorant, deleterious effects of the drug.

The average age of the people concerned with this illicit drug manufacturing and trafficking was 28. As the operations were carried out over a period of seven years and some were expert in planning, it seems that there was little opportunity for most of them to have acquired a record before embarking upon this enterprise, and they would therefore naturally "be of good character."

For these offences they were sentenced to a maximum of 13 years imprisonment. When the great train robbery took place, those involved (presumably without comparable academic and professional qualifications) made "profits" of about £3m, most of which was recovered, and injured

Asian marriage customs

From Mr M. R. Hasan
Sir, The fact that Mr N. K. T. Bennett (March 1) and Mr J. M. Kaushal (March 3) make in their letters regarding the Asian marriage customs are extremely pertinent to the current debate on immigration. That many Asian families are existing in the ghetto in the law to bring into the United Kingdom male fiancés for their daughters is a fact and this will continue until the present law is amended.

Many Asian parents who are now looking for male fiancés in the Indian subcontinent could easily find suitable matches for their daughters in this country itself because the Asian community in the United Kingdom now encompasses all religious sects and sub-castes. In fact, quite a few "Asian marriage bureaus" have already sprung up in the London, Midlands and Glasgow regions for this purpose and many Asian families and weeklies regularly carry matrimonial advertisements.

Let me also point out that the number of male fiancés allowed into the United Kingdom represents a very small fraction of the total number of bona fide dependants and other "white" immigrants. In fact, the number of Asian fiancés entering the United Kingdom for permanent settlement since the law regarding fiancés came into force.

I believe that the inflow of male fiancés would dry up in due course in a natural way for the following reasons: (a) More and more Asian parents would realise the advantages of marrying their daughters to fiancés from within the Asian community in the United Kingdom; (b) Those girls who were born in the Indian subcontinent and who came here in their early teens may succumb to their parents' demand to marry a boy back in the home town (or village) but those girls who were born here (the second generation immigrants) would be bold and independent enough to have a decisive say in the choice of their fiancés. A recent religious programme on ITV (Credo) showed very effectively the rebellious attitude of some Muslim girls in Bradford on matrimonial and other issues.

Lastly, the point that Mr Kaushal makes regarding some Asian marriages being "compulsory" rather than "arranged", this could be dealt with within the existing legal framework if the Home Office interviewed in the United Kingdom all those Asian girls whose parents choose for them fiancés that are not normally resident in the United

LETTERS TO THE EDITOR

Plan for a new British Library

From Professor Hugh Thomas
Sir, The news that the Minister of Education has approved the proposal to build a new British Library is not an occasion for rejoicing, as readers of a correspondence in *The Times* two years ago may recall.

First, there is the cost. The total estimate of £164 million is fairly close to the sort of figure which in 1959 or 1960 was mentioned as constituting the likely cost of Concordia. In the end, Concordia cost ten times that.

There is only one good reason for a new Library, and that is that the present arrangements do not provide enough room for the books. All the other arguments are fallacious. Thus the present Reading Room and adjacent rooms are not as a rule overcrowded; the delays in receiving books are tolerable to any serious scholar; there is no overpowering need to concentrate the British Library in the same building as the National Reference Library of Science and Invention (as indeed is shown by the fact that there is no plan to bring in the newspaper section of the British Library from the suburb of Colindale). If the quarters for the staff are the most inadequate, the slightest acquaintance with Museum and its surroundings suggests many areas where space can be cheaply found. Nor should we have any truck with the argument that a great new building is required for reasons of prestige for the present Reading Room is already the most inspiring place in the world, as those who work there often (unlike planners) know well. (The pictures in the press of the proposed new library do not, as it happens, do it much credit, that we are on the brink of an architectural renaissance.)

The real difficulty about the present Library is that many nonusers are needed to store the books. That is inefficient and expensive. The best solution to this difficulty, however, would be to establish on the site in Euston Road a storehouse, not a large, ostentatious building. The books which cannot be held in the present Library could be taken the two miles from that storehouse by rail for the time being, and, in the long run, when the country is richer, a special underground railway could be constructed to serve the present building which is loved and respected by countless scholars all over the world.

Yours faithfully, HUGH THOMAS, 29 Ladysmith Grove, W11, March 9.

From Mr R. G. R. Calvert
Sir, I regret that unlike Mr Weinreb (March 9) I do not find the outside appearance of the proposed new British Library impressive. As holder of a reader's ticket I would prefer to do my studying in a converted St Pancras station. If such a change of plan could be effected, the "new" British Library people could buy Somers Town goods depot from British Rail; their conversion could retain the elegant existing gothic arcading.

As long ago as 1905 the Royal Commission on London Traffic (Cmd 2597) proposed that the railway should begin to give up their practice of terminating their suburban trains at stations on the perimeter. Instead they suggested

House officer posts

From the Chief Medical Officer, Department of Health and Social Security

Sir, Recent reports that there might not be enough pre-registration house officer posts for the increasing number of doctors who will be graduating from the medical schools have caused considerable anxiety to medical students and their teachers, and I hope you will allow me to use your columns to put the facts.

The Department of Health and Social Security has always recognised the importance of ensuring a sufficient number of house officer posts. In 1976 a working group was established to advise what more needed to be done to prepare for the growing number of doctors qualifying. As a result of its recommendations the Government wrote last year in all Regional Health Authorities setting out the number of house officer posts which should be available in each of the next five years. The number included a 5 per cent surplus to allow some measure of choice both to graduates and consultants. Every Health Authority has accepted the need for high priority in establishing these posts, and our most recent information is that there are already enough for this year's graduates. I am confident that the targets will be reached also in the years ahead.

The working group also suggested that existing arrangements for putting graduates in touch with available posts might need to be augmented. I have invited the Council for Postgraduate Medical Education to consider what should be done, and I understand they will shortly be announcing their proposals.

I hope that this letter will satisfy those most concerned that we have taken the necessary steps to ensure a sufficient number of posts for newly qualified doctors.

Yours faithfully, HENRY YELLOWLEES, Chief Medical Officer, Department of Health & Social Security, Alexander Fleming House, Elephant & Castle, SE1.

Israel's stance

From Miss Elizabeth Monroe
Sir, Mr Samuel Solomon's article of March 1, when it describes the offer made by Mr Begin about the West Bank, mentions that this provides for "self rule and the right to choose between Israeli and Jordanian citizenship."

But he does not mention the clause that accompanies this, and that precludes Arab acceptance. This last is the stipulation that Israel shall remain responsible for the West Bank's defence, internal security and foreign affairs, and that it will therefore be the power in possession. Yours truly, ELIZABETH MONROE, 56 Managu Square, W1.

two railways in tunnel under the central area, complete with intermediate stopping points, one north-south and the other east-west. The scrum conditions, inevitable at an all-change terminus would be eliminated and most passengers would get nearer to final destination without change of vehicle. On the railway operating side the five or six terminal platforms, necessary for each pair of approach lines, would give way to two through platforms at low level. Complicated switching and signalling, to enable trains to cross each others' paths, would no longer be necessary. Every report on London's transport since 1905, including the fairly recent Rail Study, has made similar recommendations. Paris, Munich, Tokyo, and a score of other cities round the world are putting such ideas into practice. London Transport oppose such a plan because their own traffic bore tubes would lose some traffic. British Rail appear unopposed to an existing tunnel. Blackfriars to Farringdon after 50 years of goods trains only, is now rail-less.

Mr J. P. Felix, happy man, should be encouraged to buy not only Victoria station, but Liverpool Street as well. Conditions of sale should include a station that will take the junk away to Kansas City or the Arizona desert, and another that BR will make a start on cross-town railway working in the London area. Yours faithfully, R. G. R. CALVERT, 45 Woodway, Watford.

Recording history

From Sir Cecil Parrott
Sir, Perhaps I might be permitted to comment on Lord Greenhill's letter (March 1).

Twenty years ago Lord Trend, who was I think then Deputy Secretary of the Cabinet, sent a letter round Whitehall inviting all departments to arrange for an historical study to be made of one of their most important case histories and to examine what lessons could be drawn from the way it had been handled.

The Foreign Office entered into this with alacrity and, as the official responsible, I arranged for independent historians to examine all the papers on the Abadan crisis of 1951, which was generally thought to be a suitable subject for the first study. I remember that the historian in question felt strongly that he should be shown all relevant secret intelligence reports since without them the case history would inevitably be one-sided.

By this time I was posted abroad, so I do not know what the final decision about it was, but I do know that when the study was completed in 1963 it was considered by the Foreign Office to have been a well worth-while exercise, from which valuable practical lessons could be drawn.

I have no idea why this enlightened idea, which was so well carried out, was not followed up.

Yours, CECIL PARROTT, The Vicarage, Abbeystead, Lancaster, March 7.

Report from Mauretania

From the Moroccan Ambassador
Sir, In your edition of March 6 you published an article referring to a communiqué issued by the so-called Polisario which states that Moroccan and Mauritanian troops opened fire on a crowd in the town of Nouadhibou killing and wounding 48.

The Embassy of the Kingdom of Morocco would like to point out that these allegations are entirely without foundation. This communiqué, like previous news items emanating from Algiers, is the product of the imagination of its authors and as such does not even merit a denial. I should be grateful if you would publish this clarification. Yours faithfully, RABEDDINE SENOUSI, Ambassador of the Kingdom of Morocco, London, 49 Queen's Gate Gardens, SW7, March 6.

Teaching arithmetic

From Professor D. F. Lawden
Sir, Having plumbed the depths of ignorance of pupils in respect of elementary arithmetic, surely the next step should be for the Institute of Mathematics to set a similar test paper for teachers. The results of the two tests might prove to be related. Could special attention be given to the performance of that section of the profession now in ruthless pursuit of their pay claim?

Yours truly, D. F. LAWDEN, Professor of Mathematics, The University of Aston in Birmingham, Gosta Green, Birmingham, March 9.

From Mr J. A. C. Hill
Sir, I notice that boys from Buckinghamshire did best in the mathematical tests reported in your issue of March 9. I understand that this authority resisted the introduction of comprehensive schools as long as possible. Yours faithfully, J. A. C. HILL, Tynney Lodge, Newnham, Basingstoke, Hampshire, March 9.

From the Reverend P. B. P. Preist
Sir, For shame! Surely *The Times* having told us that few children are mathematically competent could quote the answers to the questions correctly. Try it, what time of the day is 1.312? Yours sincerely, P. B. P. PREIST, St. Helen's Priory, Smeaton Castle, Whitby, North Yorkshire.

Chess match

From Mr E. Klein

Sir, Your Chess Correspondent stated incorrectly (February 18) that Landau was Alekhine's "second". The facts are as follows: Landau helped Enver and I helped Alekhine. Landau and myself were designated "trainers". The arrangement, quite unprecedented in any international match, let alone a world title match, started quite late, at the beginning of December 1935, a few days before the twenty-seventh game, and for reasons which are too complex to be stated here. The term "second" is a misnomer anyway. It is derived from the German "Sekundant", that is the chap who delivers the challenge to a duel (with swords or pistols—and not chess pieces) on behalf of the challenger. Neither I nor, I believe, Landau did anything of that kind.

Yours faithfully, EDWIN KRUSHA, The Rectory, Charlton-on-Otmoor, Oxford.

DRUFF
and scholar
ball

erious cracks in Forest defence

Correspondent

The eight surviving clubs in the sixth round, only three—Barnsley, Aldershot, and Forest—have held their place in the Cup. The proportion is small. At this stage, the Cup is a very real test of a team's strength, and the fact that only three clubs have survived is a sign of the serious cracks in Forest's defence.

Forest's defence has been a major problem since the start of the season. The team has been unable to score goals, and their defence has been shaky. The fact that they have survived in the Cup is a testament to their resilience.

The team's manager, Peter Angell, has been criticised for his tactics. He has been accused of being too defensive, and of not making enough changes to the team. The fact that Forest has survived in the Cup is a testament to their resilience.

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It's no joke playing Middlesbrough in the FA Cup: Peter Angell, Forest's manager (left), makes a serious point in training yesterday. Grealish and Roffey (right) take it.

With Kitchener returning to Millwall's defence and Hamilton still remembering a few secrets about his former club, there is room here for the surprise of the day.

The fourth round of the FA Cup has been a real test of a team's strength. The fact that only three clubs have survived is a testament to their resilience.

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Rugby Union Liverpool alone hold the northern banner

By Peter West
Rugby Correspondent

With the John Player Cup competition down to the last eight, it seems that Liverpool alone hold the northern banner.

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Tickner behind Cousins in artistry but goes ahead on arithmetic

From John Hennessy
Ottawa, March 10

It really was quite a night. Charles Tickner, of the United States, woke up this morning to find he was world figure skating champion (he was still saying before going to bed that it had not yet hit him). Vladimir Kovalev (Soviet Union), last year's winner, was second, and the third place was taken by the German, Hans Hoffman.

Tickner's victory was a testament to his artistry. He was able to perform a series of difficult moves with grace and precision. His performance was a testament to his skill.

The fact that he has won the championship is a testament to his resilience. He has been able to overcome a series of setbacks and emerge as the champion.

SPENCER

County yesterday

The fact that only three clubs have survived in the Cup is a testament to their resilience.

ch on transfer list and pended for fortnight

County yesterday

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FA defend 20 per cent Cup final price increase

Football Association officials yesterday defended the 20 per cent increase in the cost of seats at this year's cup final.

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WALDMAN

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ers not worried by Kilmarnock's Cup record

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Swinton hoping to show the lean years are over

Swinton, of Rugby League's second division, view their Challenge Cup tie at Warrington today as an omen for a bright future.

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Spinks suspended

Las Vegas, March 10—The world heavyweight champion, Leon Spinks, was today suspended for 30 days on charges of assault.

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Clarence fails test

Clarence, the Liverpool goalkeeper, has failed a fitness test on his injured right shoulder.

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McKenzie is fit

Duncan McKenzie passed a fitness test on an injured ankle and will be in the Everton team at their home game against Liverpool on Saturday.

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Hubbard leaves home

Jim Hubbard, a Lobo striker, yesterday signed for an American club.

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Latest European snow reports

Conditions in Europe are generally good, with some snow in the north.

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Weekend fixtures

FA Cup: Sixth round. Middlesbrough v Orient. Millwall v Ipswich.

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For the record

Ice hockey. National League. New York Rangers v Boston Bruins.

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Swimming

Swimming. National League. New York Rangers v Boston Bruins.

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Curling

Curling. National League. New York Rangers v Boston Bruins.

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Scottish Cup: Fifth round

Scottish Cup: Fifth round. Aberdeen v Morton.

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Scottish premier division

Scottish premier division. Celtic v Ayr.

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Scottish first division

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Scottish second division

Scottish second division. Brechin v Albion Rovers.

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PERSONAL INVESTMENT AND FINANCE

Grouse

A colleague whose flat was burnt out had insured the contents for £3,000. She was surprised and dismayed when the insurance company paid out less than that amount though her losses had greatly exceeded it.

She had fallen foul of the averaging principle, which insurance companies can apply to cases of under-insurance, though she was by no means alone in her ignorance of it. A quick straw poll round the office revealed that seven out of eight supposedly well-informed colleagues would also have expected to be paid the full £3,000 in similar circumstances.

This is not a case of fine print in the policy. Averaging clauses do not feature in domestic policies, though they are sometimes written into industrial fire insurance.

What the insurance companies say is that when taking out insurance the proposer certifies that the amount insured is the full value of the property at risk. If you are under-insured, therefore, it is not just that you are inadequately covered. Technically, you are failing to keep your side of the contract and they are not obliged to pay you at all.

If the company docks its payment to you in proportion to the extent that you are found to have been under-insured it is not, according to its rights, being tight-fisted. It is making you a generous ex gratia payment.

It is a cause for concern, though, that the majority of people insuring their household possessions are in ignorance of this. Plainly, the companies have a case for declaring: "If you are 50 per cent under-insured and half your property is lost, we could say that that was the 50 per cent you were holding at your own risk." But the position should be made clear to everybody.

It leaves the under-insured policy-holder at the mercy of the insurer's discretion. Some companies, in fact, take a more generous view than others, but there is no way of knowing, until after disaster has struck, whether or not the company of your choice will be willing to pay out the full amount of your cover when your losses exceed that sum.

Because of inflation almost all companies now send out annual reminders with renewal notices to check the value of insurance. It would be a simple matter to word these so that it is perfectly clear that there is a contractual obligation on the policy-holder to insure for the full value of all the property at risk—not to mention giving policy-holders some hint of what the individual company's attitude to averaging is.

Insurance

Unsettled outlook for bonuses

Nobody can forecast accurately which life office will give the best value for money under a profit-sharing life policy. There is no "best buy".

It does not necessarily follow that today's top-performing offices will be able to hold their positions in the future. Some time ago the point was made that of the top 10 offices in 1950 only two remained in the top 10 in 1975. How many of those will be in the top 10 in the year 2000?

A number of offices are unlikely to continue on the present basis, much as they might like to do so. This does not mean that bonus rates will be cut—the old-established life offices would look upon that as unthinkable, unless the problems were such that there was no other solution.

Instead, premium rates and/or policy charges may be increased. That, of course, would not arouse the furor which would accompany a cut in the bonus rate—especially if, at the same time, there is a modest increase in the bonus rate.

Admittedly, it can be argued that such a practice does not penalize the existing policy-holders: it is only the new entrants who will suffer—and they can go to another office if they prefer. Any such levels of bonus on their own are almost meaningless.

Incidentally, some people argue that the rates of bonus being declared by some life offices are too high. The effect is that the guaranteed element is likely to represent a fairly small proportion of the total

maturity value—if all goes well. But things may not necessarily go well.

One way round that would be for offices to offer alternative profit-sharing contracts—some with a higher bonus rate, others with a lower bonus rate—thus giving a higher guaranteed sum assured, at maturity and lower bonus participation.

With high interest rates the life offices had something of a bonanza. What matters now is what can be expected from interest rates in the longer term.

The prospect of lower rates of interest for new and re-invested money, coupled with rising expenses, is not particularly encouraging.

It can be argued that the kind of return envisaged by some life offices in their quotations showing current revisionary and terminal bonus rates would be unacceptable if used to project on a unit-linked policy.

As is well known, in the past life offices adopted a cautious approach to the distribution of profits. To some extent the arrival of unit-linked contracts resulted in actuaries becoming rather more liberal.

Some actuaries consider that present rates of terminal bonus take some account of the profits which outgoing policyholders could have had in the form of reversionary bonuses. Those with policies which have not been running very long have enjoyed better distribution of profits than the earlier generation of policyholders.

John Drummond

Talking shop

Are manufacturers too sparing with replacements?

When you buy a washing machine, a record player, a camera or other fairly expensive item how long do you expect it to last?

What happens when the guarantee period—usually a year—is up and the appliance needs a spare part?

"Throw it away" is the first reaction of many survivors of countless battles with repair men. But clearly, the consumer expects to be able to obtain new parts for equipment for a number of years after buying it.

It may come as something of a shock therefore to find that there is no statutory obligation whatever on manufacturers in the United Kingdom to make or supply functional parts for expensive machines beyond the usual guarantee period.

The problem is one of increased affluence, wider choice, a faster rate of technological innovation and the entry of the concept of fashion into previously solid utilitarian household objects, such as kitchen cabinets and cookers.

Before the "never had it so good" days of the 1950s and 1960s household goods and equipment were subject to a slow pace of modification and replacement. Finding spare parts for granny's sewing machine was no problem.

But now that manufacturers are bringing out new models every two or three years to satisfy what they think is the public demand for bigger and better goods there is the problem of continuing to supply spare parts for the swiftly obsolete older versions.

From the manufacturers' point of view it is clearly uneconomic to carry on making parts for machines decades

after the product has been superseded. Most companies look at the faults experience of a given model over a period of years, decide how long the public can expect to be kept supplied and manufacture enough parts to meet the forecast demand.

But some lines fail to sell well enough and may be terminated after a year—and this is bound to affect future availability of spares.

Although there is no legislation on this point, the Office of Fair Trading has attempted to obtain a consensus on life expectancy when negotiating codes of practice with trade associations. The code of the Association of Manufacturers of Domestic Electrical Appliances, for instance, provides a very specific guide to what the consumer should be entitled to in the way of spare parts.

Small electrical items—hair-driers, tooth brushes and razors, for instance—are expected to be supplied with new parts for between five and eight years after the product has ceased to be manufactured. Domestic cleaners, fridges, freezers and spin and tumble driers are expected to have spares in ready supply for a minimum of eight years.

For cookers, dishwashers, washing machines and water heaters the code lays down a minimum period of 10 years, while thermal storage heaters should enjoy a supply of parts for at least 15.

But it should be stressed that the code is purely voluntary. The Office of Fair Trading has been in existence for only three and a half years and only a handful of industries have so far introduced codes of practice.

The Radio, Electrical and Television Retailers Association also has a code which embraces the view that this class of goods should on average be kept supplied with spare parts for seven years after production. But this is a retail association and does not speak for the manufacturers who have no code of their own.

Thorn, one of the United Kingdom's largest "brown goods" manufacturers, says that it expects its television sets to be usable for seven years, but other electronic products, such as the currently fashionable music centres that sell for up to £350, are expected to have a life of only five or six. This period covers the availability of functional parts, not decorative or other parts which are not vital to the operation of the equipment.

But Thorn and other companies expect something like a music centre to undergo substantial modification every two years—making a total average life of, at best, seven. Does this constitute reasonable value for money?

My personal feeling is that it does not, although the argument is that the more items must necessarily have a shorter life expectancy because of the obsolescence of the consumer and the advances of electronics innovators.

Goods that carry lengthy guarantee agreements for the replacement of faulty parts will naturally have spares for longer periods, since the makers have to manufacture

and stock them under the terms of the sale agreement. A singer gives a 10-year guarantee on its sewing machines. The company says that the most recent machine for which spare parts are or now readily available went out of production in 1963—15 years ago. On the other hand singer was, rather endearingly, making machines up to a couple of years ago.

Competition from other manufacturers, putting the company under pressure to revamp its models more frequently, has led to a reduction in the guarantee period from 20 to 10 years.

Hoover's obsolescence programme allows for a ten-year life for its range of products beyond the date when manufacture ceases, which seems reasonable. Vacuum cleaners, despite a fair amount of updating over the years, are far from being fashion items, of course.

On the leisure front the photographic industry is probably a good example of one where the consumer "demands" and obtains constant technological advance. Kodak claims to be able to supply parts for cheaper ranges (under £10) for five to seven years after the end of production. For more expensive items the period is ten to fifteen years.

But except where, as in the case of Singer, guarantee periods are lengthy there is no obligation on the part of any manufacturer to keep the customer supplied. If there is a run on spare parts for an obsolete model no one is going to retool a production run—it would be quite uneconomic.

One area where consumers find manufacturers' tendencies to go out of production particularly irritating is china and glassware. The very expensive, classic ranges tend to continue in production for years, but at the cheaper end—if you call £100 dinner services cheap—the manufacturing life cycle can be very short.

Royal Doulton says the produces a pattern in cheaper range for about 10 years and phases it out after three. After that, as little Johnny has made his place setting—the china will find she cannot replace broken items unless she is lucky enough to come across a retailer with old stock.

It is to be hoped that the trade association covering most consumer goods will incorporate the principle of minimum life expectancy into trading codes. One day, there will be no need to give these exacting statutory teeth.

For the moment, the most the consumer can do is ask before purchase what the likely period of production and the length of the spare parts period.

Margaret Drummond

House buying

Conveyancing the message of title insurance

The last attempt to introduce title insurance into this country (by Stewart Title) founderd upon the internal disagreements and financial difficulties within the United States based company. It did not operate long enough to provide any real evidence of either benefits or the dangers of title insurance.

The principle of title insurance is simple. The policy guarantees the house-buyer that he has valid title free of any defect in his property. If his title is attacked, the insurance company will defend his ownership free of any legal costs. If it turns out that the ownership cannot be successfully defended, the title insurance company will try to "buy off" the challenger.

This, if it is suddenly discovered after the purchase—that someone has a right of way through the property, the insurance company would make an offer of compensation to persuade the holder of that right to give it up. If that cannot be done, then the insurance company will put the house-owner in a position to sue the holder of the defective title.

The title insurance policy does not provide cover for adverse claims which are apparent. If the property is house-bought knowingly caused or allowed, or which he knew about but failed to tell the company, or which inspection of the property should have made him aware of, there is no cover. If the obligations imposed on the lessee by the lease itself.

Last week CTD-Dominion Title Insurance launched its campaign to try to persuade the home-buyer here to follow the example of his United States counterpart, for whom title insurance has proved of much benefit (and provided, at the

same time, not a few shekels for the companies issuing the policy).

CTD-Dominion has serious long-term intentions in the British market. It has, in fact, been here since 1973, in a small way, and its observations and experience over the past five years have convinced it that there is a future for title insurance here. That will owe to the test.

There is no question of CTD-Dominion's respectability and financial standing. The company here (now a member of the British Insurance Association) is a subsidiary of Chicago Title Insurance Company, which issues more than 600,000 policies annually in the United States and has been in the field for more than a century. The parent company is itself part of the Lincoln Group, which has assets exceeding £3,000m.

But CTD-Dominion is doing more than merely trying to sell its insurance. To the concern of the Law Society, it has bought a small company, MCG Conveyancing, and is offering a conveyancing/title insurance package at a price lower than is charged by solicitors for conveyancing.

One of the attractions of the package is that the costs are known in advance to the prospective purchaser or seller. The cost of buying or selling a £50,000 registered house is £62.50, going up by £2.50 for every £1,000 so that the package costs £75 for a £10,000 house, £87.50 for £15,000 and £100 for a £20,000 property. The only extras are: £10 extra for a transaction involving an unregistered property, and between £2 and £10 for postage and telephone.

Direct comparison with solicitors' charges (which are not known in advance) is difficult, because the solicitor takes into account a number of varying factors: but there is no doubt that the CTD-Dominion package is much cheaper, possibly by as much as 25 per cent, mainly because a substantial part of the solicitor's fee is, in effect, risk premium, which works out at about £5 per £1,000 of the value of the property—double the title insurance premium of £2.50.

The advantage of using solicitors, on the other hand, is that they can provide legal advice on such allied matters as tax. The CTD-Dominion operation consists only of the conveyancing work.

The Law Society has joined issue with CTD-Dominion about some of its claims. In particular, the Law Society says that title insurance is largely unnecessary in this country because of the protection afforded by the registered titles in the Land Register, which, in effect, mean that state guarantees the title.

Another criticism by solicitors is that the policy is too narrow in scope and does not provide cover for many of the things which could go wrong with a transaction.

CTD-Dominion also provides a building society, a lender that the mortgage is a first charge on the property. At a flat rate of (if taken out together with owner's policy) it should provide a building society with cheaper means of securing good title than the system, which involves a solicitor much more than that saving could be passed to the consumer.

Marcel Bell

AN OFFER FROM M&G AMERICA

M&G AMERICAN & GENERAL FUND
The US stock market, in stark contrast to that of the UK, has performed outstandingly over the last year, with the Jones reaching a 3-year low on February 28th. Although share prices have since recovered, share values are today more attractive than they have been for many years, whether measured in terms of earnings, yield or assets. When the anticipated recovery takes place, it is likely to be both sudden and strong. Current levels on that basis could provide a rare opportunity for anyone wishing to take a stake in the world's dominant economy.

The M&G American & General Fund is designed to invest in a wide range of American securities, with maximum long-term growth as the main objective. Investment is partially through back-to-back loan facilities in order to reduce the effects of the dollar premium. The estimated gross current yield for income units is 10.1% at the buying price of 41.9p xtd on 8th March, 1978. Unit Trusts are a long-term investment and not suitable for money that you may need at short notice.

The price of units and the income from them may go down as well as up.

Prices and yields appear in the FT daily. An initial charge of 3% is included in the price; an annual charge of 1% plus VAT is deducted from the fund's gross income. Distributions for income units are made on 20th September and 20th March net of basic rate tax and are reinvested for Accumulation units to increase the value of the units. The next distribution date for new investors is 20th September, 1978. You can buy or sell units on any business day. Contracts for purchases or sales will be due for settlement 2 or 3 weeks later. 1% commission is payable to accredited agents. Trustee: Lloyds Bank Limited. The Fund is a wider-range security and is authorised by the Secretary of State for Trade.

M&G is a member of the Unit Trust Association.

TWO WAYS TO INVEST
As an alternative, or in addition, to investing a capital sum, you can start a Regular Monthly Saving Plan through a life assurance policy for as little as £10 a month. You are normally entitled to claim tax relief at current rates of 12% for each £100 paid.

On a £10 Plan, tax relief at present rates can bring down your net monthly cost to only £8.30, with which you buy units usually worth considerably more. Regular investment of this type also means that you can take advantage of the inevitable fluctuations in the price of units through Pound Cost Averaging, which gives you a positive mathematical advantage, because your regular investment buys more units when the price is low and fewer when it is high. You also get life cover of at least 180 times your monthly payment throughout the period if your age at entry is 54 or under (where 58), and rather less up to 75.

If you cash in or stop your payments during the first four years there is a penalty, and the tax authorities require you to make a deduction, so you should not consider the Plan for less than five years. 81% to 94% (depending on your starting age) is invested, except in the first two years when an additional 20 per cent is retained to meet set-up expenses.

M&G is a member of the Life Offices' Association. This offer not available to residents of the Republic of Ireland.

—an American fund is the place to be if you want to see really spectacular results
DAILY TELEGRAPH 7178

The big potential growth sector remains the American market... SUNDAY TIMES 15178

TWO WAYS TO INVEST
To: M&G GROUP LTD, THREE QUAYS, TOWER HILL, LONDON EC3R 6BQ
TELEPHONE: 01-626 5589 This section to be completed by all applicants

NAME (Mr, Mrs, Miss)
SURNAME
OR ADDRESS

POST CODE 90 AG 480318

EITHER £500 Complete this section to make a Capital Investment (minimum £500 a month). The more you invest, the more you stand to gain. (A contract note will be sent to you stating exactly how much you own and the settlement date. Your certificate will follow shortly.)

PLEASE INVEST £ in ACCUMULATION/INCOME units (delete as applicable or Accumulation units will be issued) of the M&G American & General Fund at the price ruling on receipt of this application.

I declare that I am not resident outside the United Kingdom, the Channel Islands, the Isle of Man or Gibraltar, and I am not acquiring the units as the nominee of any person resident outside those territories. (If you are unable to make this declaration you should apply through a bank or stockbroker.)

SIGNATURE DATE

OR £10 Complete this section if you wish to make a Regular Monthly Saving (minimum £10 a month) in the M&G American & General Fund.

I enclose my cheque for the first monthly payment, made payable to M&G Trust (Assurance) Limited. I understand that this payment is only provisional and that the company will not assume risk until formal notification of acceptance has been received.

OCCUPATION DATE OF BIRTH

NAME AND ADDRESS OF USUAL DOCTOR (to whom reference may be made)

Are you an existing M&G Plan holder? Yes/No
If you cannot sign Part I of the Declaration below, delete it and sign Part II. Declaration PART II I declare that, to the best of my belief, I am in good health and I am not engaged in any hazardous sports or pursuits, that I do not engage in aviation except as a licensed passenger on registered aeroplanes, and that no proposal on my life has ever been adversely treated.

This proposal shall be the basis of the contract between me and M&G Trust (Assurance) Ltd, and that I will accept their customary form of policy. I agree to provide any further information the company may require. (An acceptance of the policy form is available on request.)

SIGNATURE DATE
Registered in England No. 1048389, Reg. Office as above.

THE M&G GROUP

Investor's week

A brighter market despite the gloom from ICI

Proving, once again, that stock markets are anything but predictable, equities struggled off the prevailing gloom and edged up throughout the week.

Much of the improvement came from "bear" closing as the technical rally which continued to the end of the account.

However, Unilever's results failed to provoke much response and the shares closed unchanged. A confident chairman's statement to shareholders at the Trust Houses' Party annual meeting provided a boost for the equity, as did more than double profits at Sandhurst Marketing.

ICI hit the markets on Wednesday with a warning that a strong currency would severely damage exports and the FT index, after being six points up, ended the week down with a net gain of only 2.6.

However, gold shares managed to glitter, as shares rose on the back of a bullion price which touched £190 for the first time in three years.

On Thursday interest focused on oil, with Shell and Ultramar reporting gloomy prospects for the former knocked shares to around 50p, while the latter climbed some 10p to 208p on a good performance.

The week finished in firmer style with several leaders, such as Becham at 615p and Metal Box at 304p, moving ahead strongly. Midland Bank, unveiling profits slightly above its right issue forecast, was up 2p to 345p.

Alison Mitchell

MAIN CHANGES OF THE WEEK

Year's High Year's Low Company Change Comment

234p 78p A. Ball 20p to 220p Ahead of figures
690p 372p Baacham Grp 32p to 815p £41m UK expansion plans

382p 246p Metal Box 18p to 304p Engineering strike threat fades

266p 124p Ultramar 16p to 224p Good profit figures Sparkling results

713p 49p Woolworth 91p to 713p

245p 122p Blagdan & Nkake 4p to 214p Disappointing profits

187p 86p Kwik Save 7p to 71p Seller in the market

322p 77p Oil Explor 2p to 184p Fears of dry well

279p 198p Scholes, G. H. 13p to 255p Stagnant results

85p 23p Stocklake Hidge 11p to 72p Poor figures

Friendly society problems

Policy-holders in Drummond Assurance, the friendly society which the Chief Registrar of Friendly Societies banned from entering new business earlier in the week, must be wondering what the outlook is for both the company and that contracts.

Drummond Assurance, with assets of some £16,500, was formed only in 1976 and there are only 180 policy-holders.

The Registrar has felt obliged to act in this way after an investigation—which followed policy-holder complaints—showed that management costs were excessive and not likely to improve and, secondly, because the financial standing of one of the companies with which it is associated, Drummond Investors, has been called into question.

The options facing policy-holders are a rescue operation by another friendly society, keep the advantages of policies intact or a winding order and distribution of assets. Discussions are now being held with the former manager of Drummond, who has been called into question, and there is always a chance that the business will be transferred to another society.

Marcel Bell

The Foreign and Colonial Investment Trust Company, Limited
(MEMBER OF THE ASSOCIATION OF INVESTMENT TRUST COMPANIES)

Highlights of Annual Report for year to 31st December, 1977.

Net Revenue £4.27m +30%
Dividend 3.77p +30%
Total Assets £166m +10%
Assets per share 216p +7%

Geographical Spread of Portfolio
U.K. 51%
U.S.A. 25%
Far East 14%
Europe 4%
Elsewhere 6%

Current policy remains that of producing long term growth in assets and a steady increase in dividends to match and if possible beat the rate of inflation.

Copies of the Report and Accounts may be obtained from the Secretary.

The Foreign and Colonial Investment Trust Co. Ltd.
General Investments and Trustees, Ltd.
Alliance Investment Co. Ltd.
Foreign and Colonial Investment Fund S.A.
Anglo-Nippon Export Fund

1/2 Laurence Pountney Hill, London EC4R 0BA
Telephone No. 01-423 4890

John Drummond

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Equities end week in fine style

Equities continued to perform strongly on the last day of the account.

Initially spurred by a favourable view of the Government's borrowing requirements, prices were sustained by a good deal of interest for the next account and the FT Index closed 8.5 better at 459.0, its best day for more than seven weeks.

Over the week the gain was 22.8 and for the first time since the beginning of August prices rose on each day of a five-day trading week.

Both ends of the gilt market stayed firm though demand was never more than moderate. Though many short dates rose up to one quarter at best most interest here centred on the short 'rap' where further sales by the Government Broker lifted the price one-sixteenth to 96.62.

Longer maturities shaded an eighth or so in late trading as sterling fell but still managed to end with gains of between three-eighths and half a point.

Big talk never moved far from Status Discount—W. H. Smith was the last in a line of share offers from 121p to 140p in the shares since the beginning of the month. One or two brokers including J. & A. Scrimgeour have visited the group and projections of sales and profits are being revised upwards. In the year to last November profits jumped from £757,000 to a cool £1.7m.

Reviewing the week equity dealers were saying last night they had been surprised by the sustained strength of prices. A technical rally was overdue but for the first time in many weeks signs of institutional interest, albeit small, were discerned. With the traditionally strong pre-holiday period coming up there are hopes of further consolidation.

The pick of a very buoyant market was oil shares. Against a background of talk that measures are to be taken this week-end to support the dollar BP, in spite of continuing doubts about next week's figures, jumped 16p for a close of 74.2.

Ultramar made its usual belated response to figures with a gain of 16p to 224p with investors particularly encouraged by the Indonesian gas

prospects. Other issues to feature were Lasso ordinary, up 8p to 154p, and Thomson Organisation which firmed 8p to 185p. Even Shell managed a gain of 4p in 504p in spite of Thursday's uninspiring figures and gloomy forecast for the current year.

The best of the industrial leaders was out of the blue Becton which ended 17p to the good at 615p making a gain of 32p over a week in which it announced its United Kingdom investment plans.

BAT Industries was also supported, rising 8p to 303p, and Metal Box gained 6p to 304p. But Unilever was subdued falling 2p before rallying to an unchanged 486p.

Both Grand Metropolitan 41p to 100p and Trust Houses Forte 2p to 186p continued to draw strength from this week's optimistic forecasts while a number of spots to attract investment demand included De La Rue, up 9p to 264p, Istock Johnson, better by an exceptional 15p in 142p, and Rascal which put on another 8p to 220p.

On the takeover front Ford dealer W. J. Reynolds jumped 41p to 371p in the hope of better terms or a counter to an offer from Manchester Garages worth around 34p. Reynolds was talked of as a potential takeover candidate several weeks ago and last night advised shareholders to take no action.

But Wilkinson Match reacted 7p to 170p after 167p on the pension funds' backing of the True Temper deal.

Speculative issues featured

RFD which jumped 6p to 56p but there was renewed interest in others like AB Electronics at 32p, Fentons 71p, and Avon Rubber at 192p, all a few pence better.

Spotting that Lomha has just raised its authorised capital, some dealers are convinced that a bid for House of Fraser is imminent. Others remain sceptical. But this week's buying has been strong enough to lift the shares 13p to 134p.

In foods Kwik Save continued to be depressed at 71p as more lines went through the market. Stores continued to rise in the hopes of stronger consumer spending. Notable in this sector were GUS "A", up 14p to 286p, and Woolworth which rose 2p to 711p, in part helped by this week's surprisingly good figures. Though an acquisition by Combined English Stores was generally viewed favourably it did little for the shares which closed unchanged at 74p having dipped below that level at one stage.

Spending hopes were also good for a rise of 7p to 374p in Rowntree Macintosh while Dixons Photographic continued to bounce back from supplier worries with a gain of another 2p to 140p.

In mines RTZ reflected the strength of copper prices as supplies are cut back. By the close the shares were 5p up to 175p after a good session.

In financial figures from Midland Bank more or less in line with expectations left the shares

2p firmer at 345p. In insurances Alexander Howdens rallied 5p to 170p after the fall which followed Thursday's figures, while others to go ahead included fellow broker Sedgwick Forbes 10p to 375p, and Prudential 5p to 154p and Sun Alliance 10p to 323p.

Shippings were not left out and featured British & Commonwealth, better by 6p in 260p, and European Ferries which finished 43p up at 110p. Geo Scholes lost 10p to 255p on disappointment with figures but Newey Group rallied 10p to 48p after Thursday's loss.

Brittains rose 1p to 29p in spite of some reservation over the second half and sweet maker Tavenor Rutledge added another 2p to 102p on earlier figures.

Prospects of poor first half at Turner & Newall have prompted brokers McAnally, Montgomery to downgrade its 1978 profits forecast to £55m, again a £45.3m 1977 total. However the shares at 186p, yield a prospective 5 per cent.

After hours Hay's Wharf sprang to life gaining 10p to 141p and fresh speculation to bounce back from supplier worries with a gain of another 2p to 140p.

Equity turnover on March 9 was £82.93m (14,927 bargains). Active stocks yesterday, according to Exchange Telegraph, were: BP, Shell, Unilever, Becton, GUS "A", ICI, BAT Ind and Dtd, Marks & Spencer, Tricentral, Peak Inv, Grand Metropolitan, W. J. Reynolds.

Latest results

Company	Sales	Profit	Earnings	Div	Pay	Year's
or Fm	£m	£m	per share	pence	date	total
Ang Am Inv (F) B	—	0.06(0.04)	6.43(4.8)	4.00(2.60)	23/3	6.00(4.10)
Ault & Wiborgs (F)	33.9(27.4)	2.12(1.53)	—	1.21(0.81)	2/6	1.95(1.8)
Bestwood (F)	—	0.05(0.04)	2.09(1.44)	0.90(0.62)	27/4	0.90(0.62)
Brittains (F)	29.4(27.2)	0.60(0.32)	4.1(1.2)	0.80(0.70)	17/5	1.5(1.05)
Braken Mns (I) B	—	—	—	20(13)	11/5	—
Carroll (F)	—	0.008(0.03a)	1.32(3.53a)	—	—	—
Carroll (F)	0.97(0.76)	0.25(0.23)	—	4.0(0.0)	3/4	(3.5)
Goodman Bros (I) 5.1(4.7)	—	0.25(0.23)	1.23(1.13)	—	—	—
Kinross Mns (I) B	—	—	—	23(12)	11/5	—
Lake & Elliott (I) 9.0(9.1)	—	0.57(0.54)	—	1.45(1.43)	12/5	(3.4)
Lake Gold (I) B	—	—	—	7(NH)	—	—
McCleery J.A. (F) 21.5(16.5)	—	0.48(0.0a)	0.71(1.3)	0.25(0.5)	28/5	0.25(0.25)
Midland Bank (F)	—	192.8(166.4)	58.8(51.3)	1.75(7.25)	5/7	14.75(12.62)
St Helena (I) B	—	—	—	80(60)	—	—
C. J. Scholes (F) 4.1(3.82)	—	0.78(0.79)	—	4.0(0.0)	—	(16.5)
I. Shakespear (F) 7.97(6.5)	—	0.94(0.76)	5.24(6.1)	1.2(1.07)	—	1.1(1.2)
Whitehead (I) B	—	—	—	53(39)	11/5	—

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.515. Profit are shown pre-tax and earnings are net. a Loss. B Rands and coos.

Lake & Elliot is pressing on with orders high

Trading conditions have remained difficult at the Lake & Elliot end of the group, and sales for the six months to January 31 dipped from £9.1m to £9m. However, the group managed to push its pre-tax profits up 4 per cent to £570,000. A comparatively better performance by the overseas subsidiaries, reduced the provision for tax to £136,000 to £295,000 so net profits are up from £230,000 to £275,000.

After its fall from a record £2.03m to £1.12m pre-tax in 1976-77, the board said that the drastic action taken to reduce the group's momentum meant that the future could be faced with confidence.

The latest word is that orders in hand have maintained an improvement of £1.5m over last year's level and increased sales are programmed for the second half.

Wall Street

New York, March 10.—Prices moved up substantially to heavy early trading on the New York Stock Exchange this morning with gains in issues outperforming declines by a three-to-one margin and the Dow Jones Industrial average up by more than four points.

Analysts said investors were encouraged by reports of possible joint United States-West action this weekend to support the dollar and a statement by Bonn's central bank that these talks were expected to produce concrete results.

Another favourable report was a drop to 6.1 per cent in February's unemployment rate from 6.3 per cent in January.

Cocoa gains 5.25c

New York, March 9. COCOA futures closed 5.25c higher at 31.50c for March delivery. The contract for May delivery was 31.75c, for July 32.00c, for September 32.25c, for November 32.50c, for January 32.75c, for March 33.00c, for May 33.25c, for July 33.50c, for September 33.75c, for November 34.00c, for January 34.25c, for March 34.50c, for May 34.75c, for July 35.00c, for September 35.25c, for November 35.50c, for January 35.75c, for March 36.00c, for May 36.25c, for July 36.50c, for September 36.75c, for November 37.00c, for January 37.25c, for March 37.50c, for May 37.75c, for July 38.00c, for September 38.25c, for November 38.50c, for January 38.75c, for March 39.00c, for May 39.25c, for July 39.50c, for September 39.75c, for November 40.00c, for January 40.25c, for March 40.50c, for May 40.75c, for July 41.00c, for September 41.25c, for November 41.50c, for January 41.75c, for March 42.00c, for May 42.25c, for July 42.50c, for September 42.75c, for November 43.00c, for January 43.25c, for March 43.50c, for May 43.75c, for July 44.00c, for September 44.25c, for 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Manchester Business School Management Course

Apply now for the October 1978 course to: Sylvia Priest (Ref T)
MRS Booth Street West, Manchester M15 6PB Telephone 061-273 8228

ACCOUNT DAYS : Dealings Begin, Monday. Dealings End, March 31. \$ Contango Day, April 3. Settlement Day, April 11

6 Forward bargains are permitted on two previous days

Symbol	Company	Price	Change	High	Low	Open	Close	Volume	Notes
1000	Alcan	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1001	Alcoa	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1002	Alumina	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1003	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1004	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1005	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1006	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1007	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1008	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1009	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1010	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1011	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1012	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1013	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1014	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1015	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1016	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1017	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1018	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1019	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1020	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1021	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1022	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1023	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1024	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1025	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1026	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1027	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1028	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1029	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1030	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1031	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1032	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1033	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1034	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1035	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1036	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1037	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1038	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1039	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1040	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1041	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1042	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1043	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1044	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1045	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1046	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1047	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1048	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1049	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1050	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1051	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1052	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1053	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1054	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1055	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1056	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1057	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1058	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1059	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1060	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1061	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1062	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1063	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1064	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1065	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1066	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1067	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1068	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1069	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1070	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1071	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1072	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1073	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1074	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1075	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1076	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1077	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1078	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1079	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1080	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1081	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1082	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1083	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1084	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1085	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1086	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1087	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1088	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1089	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1090	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1091	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1092	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1093	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1094	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1095	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1096	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1097	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1098	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1099	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1100	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1101	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1102	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1103	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1104	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1105	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1106	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1107	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1108	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1109	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1110	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1111	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1112	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1113	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1114	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1115	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1116	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1117	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1118	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1119	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1120	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1121	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1122	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1123	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1124	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
1125	Aluminum	100.00	+0.10	100.10	99.90	100.00	100.00	100	
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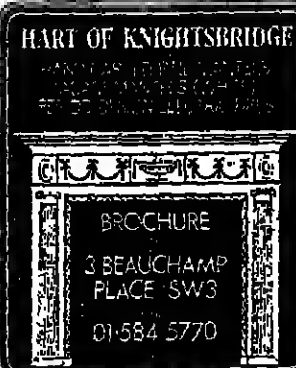
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I would be grateful if you would send me a tin of your
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Dear Sirs,

I use "D-Rust" in a purely domestic way, for curing rusted
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